

MARJORIE EBERTS
MARGARET GISLER

McGraw-Hill's
CAREERS FOR



FINANCIAL MAVENS

& Other Money Movers

- Turn your passion into paychecks!
- Discover a range of awesome careers
- Meet others succeeding in your ideal field
- Find the job that's right for you

SECOND EDITION

Mc
Graw
Hill

VGM Careers for You Series

CAREERS FOR

FINANCIAL MAVENS

& Other Money Movers

MARJORIE EBERTS

MARGARET GISLER

WITH

MARY MCGOWAN, AND

MARIA OLSON

SECOND EDITION

VGM Career Books

*New York Chicago San Francisco Lisbon London Madrid Mexico City
Milan New Delhi San Juan Seoul Singapore Sydney Toronto*

*We would like to dedicate this book to
 the financial gurus in our families—
 Les, Marvin, Ken, and Shari.*

Copyright © 2005 by The McGraw-Hill Companies, Inc. All rights reserved. Manufactured in the United States of America. Except as permitted under the United States Copyright Act of 1976, no part of this publication may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of the publisher.

0-07-145455-1

The material in this eBook also appears in the print version of this title: 0-07-143731-2.

All trademarks are trademarks of their respective owners. Rather than put a trademark symbol after every occurrence of a trademarked name, we use names in an editorial fashion only, and to the benefit of the trademark owner, with no intention of infringement of the trademark. Where such designations appear in this book, they have been printed with initial caps. McGraw-Hill eBooks are available at special quantity discounts to use as premiums and sales promotions, or for use in corporate training programs. For more information, please contact George Hoare, Special Sales, at george_hoare@mcgraw-hill.com or (212) 904-4069.

TERMS OF USE

This is a copyrighted work and The McGraw-Hill Companies, Inc. (“McGraw-Hill”) and its licensors reserve all rights in and to the work. Use of this work is subject to these terms. Except as permitted under the Copyright Act of 1976 and the right to store and retrieve one copy of the work, you may not decompile, disassemble, reverse engineer, reproduce, modify, create derivative works based upon, transmit, distribute, disseminate, sell, publish or sublicense the work or any part of it without McGraw-Hill’s prior consent. You may use the work for your own noncommercial and personal use; any other use of the work is strictly prohibited. Your right to use the work may be terminated if you fail to comply with these terms.

THE WORK IS PROVIDED “AS IS.” McGRAW-HILL AND ITS LICENSORS MAKE NO GUARANTEES OR WARRANTIES AS TO THE ACCURACY, ADEQUACY OR COMPLETENESS OF OR RESULTS TO BE OBTAINED FROM USING THE WORK, INCLUDING ANY INFORMATION THAT CAN BE ACCESSED THROUGH THE WORK VIA HYPERLINK OR OTHERWISE, AND EXPRESSLY DISCLAIM ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. McGraw-Hill and its licensors do not warrant or guarantee that the functions contained in the work will meet your requirements or that its operation will be uninterrupted or error free. Neither McGraw-Hill nor its licensors shall be liable to you or anyone else for any inaccuracy, error or omission, regardless of cause, in the work or for any damages resulting therefrom. McGraw-Hill has no responsibility for the content of any information accessed through the work. Under no circumstances shall McGraw-Hill and/or its licensors be liable for any indirect, incidental, special, punitive, consequential or similar damages that result from the use of or inability to use the work, even if any of them has been advised of the possibility of such damages. This limitation of liability shall apply to any claim or cause whatsoever whether such claim or cause arises in contract, tort or otherwise.

DOI: 10.1036/0071454551

Contents

.....

	Acknowledgments	v
CHAPTER ONE	Careers for Financial Mavens	I
CHAPTER TWO	Accountants and Auditors	9
CHAPTER THREE	Securities Sales Agents	29
CHAPTER FOUR	Stock Traders and Their Assistants	45
CHAPTER FIVE	Portfolio Managers	53
CHAPTER SIX	Financial Planners and Money Managers	63
CHAPTER SEVEN	Bank Tellers, Loan Officers, and Managers	83
CHAPTER EIGHT	Venture Capitalists and Investment Bankers	101
CHAPTER NINE	Bookkeepers, Controllers, and Treasurers	109
CHAPTER TEN	Financial Jobs with the Government	129
CHAPTER ELEVEN	More Jobs Dealing with Money	143

This page intentionally left blank.

Acknowledgments

We wish to thank Mary McGowan and Maria Olson for their help in the writing of this book.

This page intentionally left blank.

Careers for Financial Mavens

.....

But it is pretty to see what money will do.

—Samuel Pepys

Almost all economic activity throughout the world is connected to the making and spending of money. Money enables people to obtain food, clothing, cars, computers, and all the other goods of life. We accept money for our labor in fast food restaurants, steel mills, and department stores. We save it in banks and invest it in stocks, bonds, and other securities. The United States government spends trillions of dollars running the country, and General Motors and Coca-Cola earn billions from selling their products. There are few activities in the modern world that are totally divorced from money. Colleges accept it for tuition, and theaters accept it for admission. You may have used it to purchase this book. “Money makes the world go around” is far more than a line from a popular song.

Everyone, except for a hermit on a desert island, is involved in some way with money, but some people are absolutely fascinated by it. They turn to the financial pages before the sports section to see if they made or lost money in the stock market. They would rather watch television programs about inflation, the Federal Reserve, and government deficits than a popular sitcom. They know the monetary views of economists such as Adam Smith and Alan Greenspan. They study ways to save money and try to find

the best buys for their money. These people are financial mavens who are truly knowledgeable about money.

As children, financial mavens and other money movers counted pennies and actually saved money in their piggy banks. They were young entrepreneurs, making money at lemonade stands in front of their homes. At an early age, they learned how to make budgets and delighted in allocating their funds. These young money movers opened savings accounts in banks as soon as they started earning money. As they became older, they followed the ups and downs of the stock market, from McDonald's to Microsoft. And they probably learned to do spreadsheets on the computer before they could type.

Today, a new generation of fledgling financial wizards is beginning to explore career options. Money and the world of finance fascinate them, and they would like to pursue a career that involves working with money in some way. Fortunately, a great number of careers involve handling, counting, investing, collecting, and even making money.

A Quick Look at Jobs for Money Movers

When money movers begin to look for careers that offer them the opportunity to spend their days working in some way with money, an amazing number of possibilities emerge. They find jobs in accounting firms, brokerage firms, banks, businesses, and the government. They discover that they could be bookkeepers, cashiers, tellers, accountants, and even Wall Street wonders, managing portfolios worth millions of dollars before they are thirty. They could even combine a fascination with money with another expertise by becoming tax lawyers or detectives solving cases of financial fraud.

This book is designed to help financial mavens and other money movers discover careers that allow them to spend their days working with money. Here is a glimpse of some of the careers that you will read about in this book.

Accountants and Auditors

Accounting professionals keep track of what people, businesses, the government, and organizations are doing with their money. They are both money and number people who do far more than record income and expenses on spreadsheets. They may concentrate on tax matters, create budgets, prepare financial reports, analyze financial information, check for waste and fraud, and consult on a variety of financial matters.

As an accounting professional, you can work for a public accounting firm, from one that has just a few employees to one that employs thousands; be employed by businesses, organizations, or the government; or choose to have your own business. You can work anywhere in the world as an accounting professional, but you will find the most jobs in large cities. To enter this profession, you will need a bachelor's degree in accounting or a related field. To gain professional recognition, you will find it helpful to become a Certified Public Accountant (CPA).

Securities Sales Agents

Every day investors buy billions of dollars of stock. Most people aren't experts, so they rely on the help of securities sales agents, more commonly referred to as stockbrokers, to help them find the best investments. In this job, you won't actually buy or sell stocks and other securities for your clients, but you will place their orders with your firm's traders. A great deal of your time will be spent researching the market and helping your clients devise portfolios that meet their needs, from money for retirement to funds for their children's education. Securities sales agents usually work at brokerage houses, from large nationally known firms such as Merrill Lynch to smaller local and regional firms. In order to enter this profession, you have to meet state licensing requirements, which involve passing tests to become a registered representative. This is a career that lets you spend your days watching the gyrations of the stock market as you study how money is being invested throughout the world.

Stock Traders and Their Assistants

Traders are the individuals who are involved in the actual buying and selling of stock. They oversee the \$40 billion that is traded on the New York Stock Exchange each day. Many spend their days on the crowded, noisy, paper-littered floors of the stock exchanges, yelling out prices and jockeying for position. Things move so fast that million-dollar transactions are completed in just seconds. Traders also work at brokerage houses, banks, mutual-fund companies, investment banks, and other financial institutions. No matter where they work, the action is always frenzied. This is one job in which you will never stop working, from the time the opening bell of the New York Stock Exchange rings until it rings again to signal the market is closed.

Portfolio Managers

Some organizations have enormous amounts of money that need to be invested. You could get a job managing this money for a college, a union, a foundation, or a corporation. Or you could get a job at a mutual fund that invests other people's and organizations' money. The financial mavens who have the responsibility for investing millions, even billions, of dollars are known as portfolio managers. It is their job to increase the worth of investments through the shrewd sale and purchase of stocks, bonds, and other securities. A portfolio manager may manage one or more investment portfolios. These money movers devise an investment strategy for each portfolio they manage, which requires spending considerable time on the job gathering information. They have to know what is happening at companies in which they have invested or plan to invest and what is going on in the stock market.

Financial Planners and Money Managers

When people begin to figure out what to do with their money, many questions arise: How much insurance do I need? What can we afford to pay for a home? How should we budget the family

income? What can I do to save more money? How can I get out of debt? What type of investments will best meet the needs of our family? Financial planners are the money experts who help people make solid decisions in managing their money. Some are generalists who give across-the-board advice, while others are specialists who give advice in areas such as taxes, debt counseling, or retirement. If you elect to become a financial planner, you will usually establish your own business or work for a financial advisory firm. As states do not regulate financial planners, you will want to become a Certified Financial Planner (CFP) in order to indicate your competence in this career area.

Bank Tellers, Loan Officers, and Managers

The business of banking is money, which makes careers in this area an excellent choice for financial mavens. At banks, money movers who work as tellers have the opportunity to actually handle money. Besides traditional services, such as cashing checks and taking deposits, the job of teller has expanded to selling customers on new bank products and services, from ATM cards to online banking. Tellers can advance to management positions in banking; however, most of these positions are filled by college graduates who have entered this career as management trainees. While bankers used to work just in banks, you now find them in mini-branches in grocery stores and at malls. Many also work in savings and loan associations and credit unions that provide many of the same services as banks.

Venture Capitalists and Investment Bankers

Venture capitalists and investment bankers raise money for businesses. Venture capitalists help them get started, while investment bankers help established businesses get the money they need to expand their operations in some way. These are two professions that require you to have the highest qualifications in order to get a job. You will need to be a college graduate with an impressive

work record and/or extracurricular activities. Venture capitalists and investment bankers usually start as analysts and spend considerable time in training as they learn to do their jobs. Both careers are fast paced and require people who can work well under pressure.

Bookkeepers, Controllers, and Treasurers

Every business, no matter how small, has someone handling the money. Businesses must know how much money they are spending and earning. While in a small firm the owner usually does all the financial record keeping, as the business grows, others are hired to do more and more of this work. In large firms, there are many departments with hundreds of workers handling the financial side of the business. Many of these departments are concerned with accounting activities and are headed by accountants.

The senior financial managers in businesses are the chief financial officers (CFOs), treasurers, and controllers. The CFO has the responsibility of assuring the overall financial health of a company. The controller is in charge of all the accounting departments and directs the preparation of all financial reports. Treasurers are responsible for the receipt, disbursement, and safekeeping of corporate moneys.

Financial Jobs with the Government

Close to ten million people in this country work for the government. With the government spending trillions of dollars each year, many of these employees are money movers who manage, budget, and distribute money as well as collect it in federal, state, and local government jobs. From economist to clerk, government is a perfect place for financial mavens to find jobs. You can sell stamps in post offices, pay military employees, make sure banks are being run properly, check the accuracy of tax returns, and supervise the collection of revenues. Money movers in the government are also busy minting money, looking for counterfeit money, and even

destroying unfit currency. In any government job, you will receive excellent benefits.

More Jobs Dealing with Money

With money playing such an important role in our economy, the jobs that involve money form a very, very long list. In the last chapter of this book, we provide financial mavens and other money movers with information about even more careers. You'll learn about such jobs as cashier, tax lawyer, property manager, and financial writer. The more you notice where money is being handled and financial services offered, the more job opportunities you will observe. Just think of the path that the dollar bill you spend for a soft drink takes before it is finally destroyed as an unfit bill. From the grocery store, it may go to someone who uses it along with other money to buy a bicycle and then to someone who deposits it in a bank until someone writes a check and receives it back as cash and may even buy a soft drink.

Job Qualifications

Financial mavens and other money movers want to find jobs in which they can be involved in some way with money. A few of these jobs require only a high school diploma, but most will require training or further education. The better you can handle numbers, computers, and business concepts, the better prepared you will be for jobs in the financial arena. Expect also to obtain licenses or certification to demonstrate your expertise in handling some of these jobs. Those who land the best jobs will often have had some previous work experience.

Searching for Your Dream Job

There are literally hundreds of ways to go about searching for your financial dream job. If you are a graduate or still in school, the

school's career center will have listings of job openings. It is also a good place to start a job search because you can get sound advice on looking for jobs, handling interviews, and writing resumes. One way to meet a lot of employers at once is by attending a job fair. Be sure to take multiple copies of your resume, be dressed to impress, and be prepared to have a screening interview.

In this age of computers, more and more people are finding jobs by going online. Visit the websites of companies that interest you and study their listings of job openings. Find local jobs or jobs in other regions by going online to newspaper job websites. Look at your state's employment websites, and be sure to visit online sites such as the following, which list thousands of jobs:

www.monster.com

www.hotjobs.yahoo.com

www.federaljobsearch.com

Don't forget traditional job-searching techniques, which include reading want ads in newspapers and professional journals and using an employment agency. Finally, make sure that you network. Many financial mavens and other money movers have found jobs by talking to family, friends, and coworkers.

Accountants and Auditors

An Italian monk, Luca Pacioli, is often called the Father of Accounting. He did not actually invent accounting, but he created the first textbook of the methods that were being used in accounting around the time Columbus made his first voyage to America. His work was so important that it served as a guidepost for the conduct of business for several hundred years. And many of the accounting principles that he described are still being followed today.

The first accountants were scribes in ancient Babylon and Sumer who were charged with the responsibility of recording commercial transactions, which they engraved in clay tablets. Because these initial accountants were among the few in society who could read and write, much of our current knowledge of daily life in ancient times has been drawn from accounting records. Today, it is accountants and auditors who have the very important role of providing accurate and useful information to businesses. Without them, today's number-driven economy would come to a screeching halt.

The Accounting Profession

Accounting professionals keep track of what the world is doing with money. Millions of businesses, governmental units, and individuals rely on their work. Accountants and auditors prepare, analyze, and verify financial reports and taxes and monitor

information systems that furnish financial information to managers in business, industry, and government organizations. They are both investigators and reporters who work within four major fields of accounting: public accounting, management accounting, government accounting, and internal auditing.

All accountants are certainly not alike, but they do share certain characteristics. As a financial maven interested in accounting, take the following quiz to see if you possess the qualities needed in this profession.

- Are you a numbers person with solid math skills?
- Are you able to pay close attention to details?
- Can you handle responsibility with limited supervision?
- Are you disciplined?
- Are you logical?
- Do you have good organizational skills?
- Are you able to interpret facts and figures quickly?
- Can you communicate complex material effectively both orally and in writing?
- Are you able to concentrate for long periods of time?
- Are you willing to work long, hard hours to get a job done?
- Are you a computer guru who is a spreadsheet expert?
- Are you willing to acquire the advanced education and certification required for this profession?
- Do you have high standards of integrity?

If you answered “yes” to many of these questions, then read on.

The Work Environment

Accounting professionals work for the corner deli operator as well as for fast-food giants, for the smallest municipal government as well as for the federal government, and for you and me as well as for Bill Gates. As a salaried accountant, you are most likely to work for an accounting, auditing, or bookkeeping firm. There is a 12 percent chance, however, that you will be self-employed. Your job

could be anywhere throughout the country, but the heaviest concentration of job opportunities is in large urban areas, where many public accounting firms and the headquarters of many organizations and businesses are located. More than 20 percent of all accountants are employed in Chicago, Los Angeles, New York City, and Washington, D.C.

Individuals in this profession usually have desk jobs and generally work a forty-hour week. However, they frequently work much longer hours when reports or tax returns are due. Seventy-hour weeks are not uncommon. Those who are employed by public accounting firms and government agencies may travel frequently to perform audits at clients' places of business. Self-employed accountants, as well as those who work for small firms, may be able to do part of their work at home.

Accountants' Work Is Changing

No longer are accountants sitting all day working with numbers on their calculators. Much of the tedious manual work previously associated with accounting jobs has been sharply reduced with the aid of special software packages. Furthermore, personal and laptop computers are allowing accountants to be far more mobile and to use their clients' computer systems remotely to extract information from large mainframes. Many accountants are now specializing in correcting problems with software or in developing software to meet unique data management and analytical needs. In addition, they are performing more technical duties, such as developing technology plans and budgets. Today's accountants can choose from a far greater range of jobs than the accountants of just twenty years ago.

Getting Started in an Accounting Career

Beth Painter's first job was for a large public accounting firm in the Midwest. This job served as a springboard for her present position in finance for a major Caribbean cruise line. While growing up, Beth watched her father succeed in his business career,

which inspired her to major in business in college. During her freshman year, she took many introductory business courses and found that she really enjoyed accounting. Through talking with older classmates, she discovered that an accounting major could open many other career doors in the business world.

Recognizing that her course work would be important when she started looking for a job in accounting, Beth set out to get a solid background in accounting. She began with basic accounting classes, including managerial accounting and financial accounting. Then Beth narrowed her studies to cost accounting, tax, and law. Since computers now play an important role in accounting, Beth also took a few computer courses. One course was focused entirely on learning how to design and use spreadsheets to organize and analyze financial data.

In preparing for a career in accounting, Beth believes that it is necessary to acquire good communication, writing, and analytical skills. She recommends getting started in an accounting career by participating in an internship to get a bird's-eye view of the various responsibilities of accountants in the workplace. An internship also lets you use the skills gained in your course work and see how all the areas of accounting fit together. Furthermore, internships provide solid professional contacts and often lead to jobs. Even if you are as well prepared as Beth was for this profession, you are likely to receive some formal on-the-job training when you take your first position.

Working in Public Accounting

Public accountants work for public accounting firms or have their own businesses. The largest public accounting firms are now known as the Big Four: Ernst & Young, KPMG, Deloitte Touche Tohmatsu, and PricewaterhouseCoopers. These companies dominate accounting throughout the world. They have garnered the business of many large and medium-size companies that issue publicly traded securities and employ thousands of accountants.

Of course, there are many opportunities for accountants to work in midsize firms and small firms that employ just a few accountants. At these smaller firms or in their own accounting offices, accountants are not likely to work with major global businesses.

In many public accounting firms, especially smaller ones, work revolves around tax matters, such as preparing business or individual income tax returns or advising companies of the tax advantages and disadvantages of certain business decisions. Some public accountants concentrate more on the consulting side of accounting, offering advice to businesses on such matters as compensation, employee health care benefits, the design of accounting and data processing systems, and controls to safeguard assets. Others choose to specialize in forensic accounting, which entails investigating and interpreting bankruptcies and other complex financial transactions. Still others work primarily in auditing, examining financial statements and reporting to investors and authorities on their accuracy. Public accountants also serve as liaisons with lenders, help with estate planning, provide advice on personal financial planning, install efficient accounting systems, and maintain accounting records.

A Day in the Life of a Public Accountant

Malana Sanders has been a public accountant since she graduated from college. When she first started out, she found her busy workdays full of new tasks, new clients, and new areas of accounting. She was always learning.

Whether Malana was working in her office or at a client's home or business, her day usually began around 8:30 A.M. Her to-do list was almost always long and varied. If Malana was in the office, she usually spent the time completing audit documentation. She also met with her supervisor to discuss the results of an audit. She might even present her documentation to her supervisor. Depending on the size of an audit, Malana worked alone or as part of a team. She also worked on financial statement reports or legal reports. If she was outside of the office, she could find herself

helping conduct an audit at a warehouse or presenting her financial conclusions about an organization at a corporation meeting with upper management. No matter where she was, this financial maven was always dealing with money matters, and she steadily advanced up the career ladder to supervisory positions.

Malana learned early in her career that organization is very important in her job. She also says that accountants must be able to handle several tasks at one time and stay calm while shifting from task to task. Being able to prioritize helps Malana complete all the tasks on her agenda.

An Accountant with a Big Five Firm

Mary Maxfield started as an accountant with a Big Five firm. One of Mary's most important jobs was gathering an organization's financial data to analyze and interpret it for use in decision making by the organization's management. She prepared three major levels of financial statements: compilations, reviews, and audits. Each statement provided different information and was intended for different uses and users.

Mary gathered this information in many ways. She usually started with the compilation statement, which involved looking through the organization's financial statements, including balance sheets and related income and cash flow statements. While this gave Mary a great deal of information, it did not tell her all she needed to know. For more information, Mary started the review, which required some investigation to complete. She frequently traveled to the location of the organization to interview personnel. Not only did Mary have to learn about the current financial condition of the organization, she also had to understand the organization's business before completing her review.

The final step was the audit, which consisted of tests of documentary evidence supporting the transactions recorded in the organization's books. She verified the physical existence of inventories and confirmed the assets and liabilities of the organization

through correspondence with customers, creditors, attorneys, and banks. Once this step was completed, Mary put together documentation explaining her research and rendered an opinion on the organization's financial statements.

Take a look at Mary's resume to see the type of background that Big Five accounting firms are looking for in first-time employees.

MARY MAXFIELD

OBJECTIVE

Desire a position with medium to large public accounting firm in the audit, tax, or consulting function. Interested in expanding on my communication, leadership, and accounting skills through the continual professional education gained on client assignments. Aspire to obtain greater responsibilities in the firm.

EDUCATION

Indiana University, Bloomington, IN
Bachelor of Science, December 1995, Accounting
Major GPA: 3.5, Overall GPA: 3.5

EXPERIENCE

Elder-Beerman Department Stores, Lancaster, OH
Sales Clerk 05/91–01/95 (seasonal employment)

Operated terminals efficiently, assisted customers, and helped change displays. Handled several jobs in a variety of departments as needed.

Walt Disney World Company, Lake Buena Vista, FL
College Program, Sales Hostess 01/93–05/93

Nationally selected from over two hundred colleges and universities to be a participant in the living, working, and learning

experience of the Walt Disney World College Program. Responsibilities included providing quality guest service to more than one hundred thousand guests, contributing to the efficiency of retail transactions, and managing hands-on interaction with people from all over the world. Attended ten business seminars (thirty hours) designed to teach management philosophies of Disney World Company and lived in a multicultural student environment. Gained leadership ability through informal opportunities to train cast members.

Musical Arts Center, Bloomington, IN

Stage Crew 02/92–05/92, 08/92–12/92

Assisted in the construction of sets for university operas. Responsible for behind-the-scenes duties during rehearsals and performances. Worked up to thirty hours during rehearsal weeks while a full-time student.

ACTIVITIES AND HONORS

- Dean's List: achieved three semesters.
- Delta Sigma Pi, professional business fraternity. Social chairperson (Fall '93), responsible for budgeting and coordinating a pledge class dance. Secretary (Fall '94), responsible for preparing and maintaining a spreadsheet of membership records for ninety members as well as the documentation of weekly chapter meetings. Senior vice president (Fall '95), organized and coordinated several recruiting events for the fraternity.
- Delta Sigma Pi Summer Leadership Academy (Summer '94). Chosen to participate in the first annual weekend of seminars emphasizing the development of leadership skills in fraternity offices and the profession.
- Beta Alpha Psi, national accounting fraternity (pledged Spring '95). Attained Gold Active membership status. Newsletter Committee.

Working in Management Accounting

Management accountants work for companies of all sizes, from the giant General Motors to small companies with only a few employees. They are also known as industrial, corporate, or private accountants. If you choose this field of accounting, you will record and analyze the financial information of the company where you work. You will provide information to assist business managers in planning, evaluating, and controlling the operations of the business. You will write reports that are specifically tailored to support the types of decisions that are being made within the organization. You may also prepare financial reports for non-management groups, including stockholders, creditors, regulatory agencies, and tax authorities. Within the accounting department of a business, you may work in various areas, including financial analysis, planning and budgeting, and cost accounting.

The Professional Path of a Management Accountant

Allen Martin started his accounting career at a small public accounting firm where he had the opportunity to work with many types of clients, from construction companies to credit firms. He really enjoyed learning about all the various types of businesses; however, he found that he most enjoyed working with manufacturing firms. When he was offered a job with a manufacturer where he had helped perform audits, he took the position. Allen started with the firm as a staff accountant. Because of his prior work experience, he quickly moved into the position of an assistant controller and then to controller.

A Corporate Financial Accountant

Becky Seffernick began her accounting career as a credit manager in the financial accounting department of a large industrial corporation. She traces her career start back to an advanced-placement accounting class in high school, where she quickly

picked up accounting principles. While college classes gave her almost all the on-the-job skills she needed, she did have to learn the business and internal operation of the corporation.

In her first job, Becky handled a variety of tasks. She spent 50 percent of her time at a desk putting together budgets, financial reports, and financial statements. The rest of her time was spent in meetings with customers and management. Some travel was involved in her job as she visited customers to learn about their businesses. Her busiest time was the end of the month. With nine divisions to control, it took considerable time to consolidate all the corporation's accounting statements and balance them. Once this was done, Becky generated monthly reports that were distributed to upper managers in the corporation.

Career Advice. Becky feels that it is extremely important to have good people skills in management accounting. She also believes that internships and classes in public speaking are definitely helpful in preparing for this career.

Working in Government Accounting

Accountants employed by federal, state, and local governments see that revenues are received and expenditures are made in accordance with laws and regulations. Government accountants and auditors maintain and examine the records of government agencies and audit private businesses and individuals whose activities are subject to government regulations or taxation.

Many government accountants work for the federal government as Internal Revenue Service agents. Others work with the Securities and Exchange Commission, the General Accounting Office, and the armed forces. Wherever there is a governmental unit involved with the collection or disbursement of money, there are government accountants. There are also jobs in financial management, financial institution examination, and budget analysis and administration.

The unique characteristics, objectives, and constituents of government organizations require a financial reporting system that differs in several ways from that developed for private enterprises. In this area, decisions are evaluated in light of social and political objectives and constraints. As a result, government accountants focus on the acquisition and use made of financial resources and on compliance with legal requirements and restrictions.

The Professional Path of a Government Accountant

While Peter Goodwin was in college, he worked part-time in the accounting department of a large moving company doing posting and balance sheets. Before graduation, the senior accountant became ill, and Peter assumed his responsibilities. He stayed with the firm for several years and became assistant treasurer. Personal computers were just coming on the scene, and Peter, recognizing the growing role that computers would play in the accounting professions, decided to go back to school to get a degree in computer technology.

After graduation, Peter applied for a government job with the Department of the Army and obtained a job in financial operations. He began at a slightly higher level than most accountants because of prior military experience and his accounting background. As a GS-9, he worked in foreign military sales doing reconciliations on various government contracts with different countries. After a year, he was promoted to GS-11.

Peter applied for his next position as a systems accountant and became a GS-12. In this job, he used his computer training and accounting background to develop computer applications that would allow employees to move from manual processing to automated accounting. He received an award for eliminating the need to make manual corrections of errors as well as employee overtime in this area.

His next move was to the expenditure division, where he was responsible for scheduling all computer jobs and continuing to

develop new computer applications. Peter became a supervisor in this division. Then he was selected to be part of a pilot study using the total quality management approach. His efforts were so successful that he was chosen for a GS-13 position in charge of treasury reporting. Today, he is a team leader of a combined developmental team of programmers and accountants who are developing a data warehouse environment for future accounting systems.

According to Peter, the differences between government and other accounting jobs are that you are not concerned with profits and that what you do is based on the moneys appropriated by Congress and by the legislation passed by Congress. Peter plans to continue working as a government accountant and is proud of the work he has done to make it more efficient.

.....

Internal Auditing

Auditing is increasingly important in the field of accounting because of recent government concern about financial accountability, fraudulent financial reporting, and business ethics. The domain of auditing can be divided into two areas: external auditing and internal auditing. External auditors do not work for organizations but are concerned with attesting to the fairness of the presentation of an organization's financial statements. Internal auditors work for an organization and have the responsibility of examining and evaluating financial and information systems, management procedures, and internal controls to ensure that records are accurate and controls are adequate. They also review operations by evaluating an organization's efficiency, effectiveness, and compliance with corporate policies and procedures, laws, and government regulations.

Internal auditors are considered management's right arm because they evaluate the quality of the organization's performance. While employers may look for internal auditors with accounting degrees, other degrees in related fields are acceptable.

In addition, there are many types of highly specialized auditors, including health care auditors, bank auditors, legal auditors, electronic data processing auditors, environmental auditors, and engineering auditors.

An Internal Auditor

Philip Ramon is a results-driven team player with a consistent record of business success in a number of different assignments. His background includes a bachelor's degree in marketing and a master's in business administration with an emphasis in finance. He is also a CPA. While attending school, Philip worked for a large multimedia corporation in California, where he stayed after graduation and worked his way up to senior internal auditor.

His first job upon completion of his undergraduate degree was as the supervisor of a call center. Philip managed a group of service representatives who answered phones and handled customers' requests. After one year in this group, Philip was promoted to the new product analysis department as the senior financial analyst. In this role, he conducted the financial analysis of potential new products. He created forecasts and financial and economic spreadsheets and prepared reports for upper management. Philip was also responsible for filing financial tariffs with the government.

The Professional Path of an Internal Auditor. After a two-year spell on the sales side of the business as a sales manager, Philip became a senior internal auditor. In his new position, he performs all phases of financial, operational, and compliance audits. Before starting a new audit, he establishes the audit's objectives and the scope of work, comes up with an estimated budget, performs a preliminary survey, and then conducts the audit. Upon completion of the audit, Philip gathers his team's information and writes a detailed report of needed improvements and recommendations for how to fix problems; he makes formal presentations to the group audited and to senior management. After hearing the

presentation and reading the report, the group that was audited is given a few weeks to respond to and fix items listed in the audit. Finally, sometimes up to a year after the audit began, Philip is once again asked to review the group's procedures to make sure it now would pass his audit.

Career Advice. Philip suggests that if you want to enter the world of finance, you should be prepared to work long hours. It is not unusual for him to work a ten-hour day.

What It Takes to Become an Accounting Professional

Most accounting firms, businesses, and organizations seeking accountants and internal auditors are looking for individuals with at least a bachelor's degree in accounting or a related major for all entry-level positions. Some employers prefer job candidates to have master's degrees in accounting or in business administration with a concentration in accounting. For beginning accounting and auditing positions in the federal government, four years of college (including twenty-four semester hours in accounting or auditing) or an equivalent combination of education and experience is required. Most employers are now looking for employees who are familiar with computers and their applications in accounting and internal auditing. In this profession, as in so many others, previous experience in accounting or auditing can help you get a job. Many colleges offer students an opportunity to gain this experience through summer or part-time internship programs conducted by public accounting or business firms.

When you enter this profession, you must be prepared to keep up with changes in laws and accounting practices, meet certification requirements, and strive to advance professionally. There are many ways that these goals can be accomplished. Many employers and professional associations offer seminars and courses, as do colleges and universities.

Professional Certification and Licensing

Once you are in the job market, professional recognition through certification or licensure provides you with a distinct advantage. While there are many types of prestigious certifications and licenses that an accountant can receive, one of the best known is the Certified Public Accountant (CPA) credential. To get this certification, which is issued by states, you must meet certain basic requirements. In most states, you need to complete 150 semester hours of course work, which is 30 credit hours more than the typical four-year bachelor's degree in accounting. A few states allow substitution of years of public accounting experience for a college degree. You also must pass the rigorous Uniform CPA Examination. All states use this four-part examination, which requires two days of testing and months of studying and preparing. Each year only about one-quarter of those who take this test pass. It is a good idea to take extra courses during your early college years, as well as summer school courses, so you can leave your last semester free for a cram course to focus on and review the four years of general and accounting education courses that you have taken in college before tackling the CPA exam. In addition, before you can receive the CPA designation, most states require you to have some accounting experience. To renew your license, you need to take continuing professional education courses.

Recognition from Professional Societies

It is becoming more important for those in the accounting profession to have certification from a professional society. This certification—based on examinations, previous and continuing course work, and experience—indicates that a level of professional competence has been reached in a specialized field of accounting and auditing. For example, accountants who have worked at least two years in management accounting can receive the Certified Management Accountant (CMA) designation from the Institute of Management Accountants (IMA) upon completing a bachelor's degree or attaining a minimum score on specified

graduate school entrance exams. They also must pass a four-part examination, agree to meet continuing education requirements, and comply with standards of professional conduct.

In similar ways, an accountant who chooses to specialize in tax accounting may take examinations to become an Accredited Tax Preparer (ATP) or Accredited Tax Advisor (ATA). These are professional credentials issued by the Accreditation Council for Accountancy and Taxation (ACAT). Other professional society certifications include the Certified Internal Auditor (CIA), the Certified Information Systems Auditor (CISA), and the Certified Government Financial Manager (CGFM) designations.

Climbing the Career Ladder

The ultimate reward for all work is career growth and personal satisfaction. Capable accountants and auditors are able to advance rapidly, while those with inadequate academic preparation may be assigned routine jobs and find promotion difficult. Graduates of community colleges and business and correspondence schools as well as bookkeepers and accounting clerks can obtain junior accounting positions and advance to more responsible positions by demonstrating their accounting skills on the job.

Most beginning public accountants usually start by assisting with work for several clients, then advancing within one to two years to a job with more responsibilities and experience. Advancement to senior positions follows within a few years. Outstanding public accountants may become supervisors, managers, or partners; open their own firms; or transfer to executive positions in management accounting or internal auditing in private firms.

As a management accountant, you will probably start as a cost accountant, staff accountant, junior internal auditor, or trainee for another accounting position. After a few years, you can expect to advance to accounting manager, chief cost accountant, budget director, or manager of internal auditing. Some management accountants even become controllers, treasurers, financial vice

presidents, chief financial officers, or corporation presidents. If you begin as an entry-level accountant with the federal government, you can expect to be promoted within two years.

Within the field of accounting, there is a large degree of mobility among public accountants, management accountants, and internal auditors. Many professionals shift into management accounting or internal auditing from public accounting or between internal auditing and management accounting. It is less common for accountants and auditors to move from either management accounting or internal auditing into public accounting.

.....

Looking at the Future: Employment Trends

In 2000, the number of accountants and auditors was slightly less than one million. This number is expected to grow by more than 18 percent by 2010, so the future is bright for accounting professionals. An especially wide range of job opportunities exists for those with CPA and CMA certification. Applicants with master's degrees in accounting or business administration with a concentration in accounting also have an advantage in the job market. Proficiency in accounting and auditing software or expertise in specialized areas, such as international business, specific industries, or current legislation, may also be helpful in landing certain jobs. There will, however, always be keen competition for the most prestigious jobs in major accounting and business firms.

As long as the economy continues to grow, the number of business establishments will increase, requiring more accountants and auditors to set up books, prepare taxes, and provide management advice. New roles are now emerging for accountants and auditors as they assume greater management advisory roles and expand their consulting services, which will increase the demand for public and management accountants in the coming years. The need is also high for internal auditors as organizations seek ways to discover and eliminate waste and fraud. Currently, there is also

a high demand for specialized accounting temps during seasonal cycles in businesses and accounting firms.

.....

Salaries

Salaries for accountants and auditors vary greatly depending on educational background, work experience, and certifications or licenses. The following chart shows the current range of salaries

TABLE 2.1. Accountants’ Salaries

Public Accounting—Audit, Tax, and Management Services¹

EXPERIENCE/TITLE	SALARY
up to 1 year	\$30,000–\$42,250
1–3 years	\$34,250–\$50,500
Senior	\$41,750–\$61,250
Manager	\$52,250–\$81,500

Corporate Accounting—General, Audit, and Cost Accountants²

EXPERIENCE/TITLE	SALARY
1–3 years	\$29,500–\$40,500
3–5 years	\$34,000–\$49,500
Senior	\$41,000–\$61,500
Manager	\$47,500–\$78,750

¹ Add 5 percent for a graduate degree; add 10 percent for a CPA. The variation in salaries reflects differences in size of firm.
² Add 10 percent for a graduate degree, an additional 10 percent for a CPA, and an additional 5 percent for substantial travel. The variation in salaries reflects differences in size of firm and location.

Source: “2003 Salary Guide,” Accountemps, Robert Half International Co., Menlo Park, California

for accountants in different fields of accounting. Accounting professionals working in small firms will typically earn less than those working in medium or large firms.

Government Accounting

In the federal government, the starting annual salary for junior accountants and auditors is considerably less than that found within accounting firms and corporations. However, starting accountants and auditors with master's degrees will find their salaries are more competitive or even comparable to those in the private sector.

.....

More Career Information

American Institute of Certified Public Accountants
1211 Avenue of the Americas
New York, NY 10036
www.aicpa.org

Institute of Management Accountants
10 Paragon Drive
Montvale, NJ 07645
www.imanet.org

The Institute of Internal Auditors
247 Maitland Avenue
Altamonte Springs, FL 32701
www.theiia.org

Association of Government Accountants
2208 Mount Vernon Avenue
Alexandria, VA 22301
www.agacgfm.org

This page intentionally left blank.

Securities Sales Agents

As recently as 1975, half of all Americans deposited their savings in banks. Today, close to three-fourths are investing in stocks, bonds, and mutual funds. In this computer age, some of these investors are using their own knowledge of financial markets to invest online. Most, however—from the individual with a few hundred dollars to those with millions—use the services of securities sales agents, more commonly known as stock brokers. A stock broker relays orders through his or her firm's offices to the floor of a securities exchange, such as the New York Stock Exchange, or to the firm's trading department so the transaction can be completed. Tens of thousands of these transactions take place each day in large brokerage houses, such as Merrill Lynch, Smith Barney, and Morgan Stanley Dean Witter, which have branches across the country. Such transactions also take place in much smaller regional and local brokerage houses, as well as in discount and deep-discount firms. Securities sales agents are also known as retail brokers, registered agents, account executives, registered representatives, and financial consultants. They are the financial mavens who help us invest our money.

The Many Jobs in Securities Sales

Buying and selling stock is certainly not the only job of securities sales agents. They help customers buy and sell bonds, shares in mutual funds, insurance annuities, and other financial products.

They also provide many other related services for their customers. Depending on a customer's knowledge of the market, they may explain the meaning of stock market terms and trading practices, offer financial counseling, or devise an individual financial portfolio for the client, including securities, life insurance, corporate and municipal bonds, mutual funds, certificates of deposit, annuities, and other investments. They may also offer advice on the purchase or sale of particular securities.

The relationship between the investor and his or her securities sales agent is typically close and confidential. Once the sales agent understands the customer's needs, it is possible to transact trades over the phone or online.

Not all customers have the same investment goals. Some individuals may prefer long-term investments designed either for capital growth or to provide income over the years; others might want to invest in speculative securities that they hope will rise in price quickly.

Securities sales agents furnish information about the advantages and disadvantages of an investment based on each client's objectives. They also supply the latest price quotations on any security in which the investor is interested, as well as information on the activities and financial positions of the corporations issuing these securities. This is a great job for money movers who wish to spend every minute of their workdays helping others make money.

If this career appeals to you, you need to know that beginning sales agents may spend much of their time finding clients and building a client base. Most rely heavily on phone solicitation. They also find clients through business and social contacts. At times, they can inherit clients from agents who have retired or moved to other jobs.

A Quick Look at the Workplace

There is a great deal of activity in the brokerage and investment houses where securities sales agents work. When sales activity

increases, due perhaps to unanticipated changes in the economy, the pace may become very hectic. It is decidedly not a quiet place to work, with agents talking on the phone and visiting with customers and tapping on the keys of the computers that continually provide them with information on the prices of securities.

If you choose this career, you could find a job in any part of the country. However, most agents work in or near large cities.

While most securities sales agents work in comfortable offices, long hours—including evenings and weekends—are common. And new sales agents have to spend many hours learning their firms' products and services and studying for exams in order to qualify to sell other products, such as insurance and commodities.

More and more sales agents for brokerage and mutual fund companies now work in call centers, where they open accounts for individuals, enter trades, and provide advice over the phone on different investment products. Some agents may only respond to inquiries, while others may be required to contact potential clients. Call centers also employ a large number of customer service representatives, who answer questions for current customers about their accounts and make any needed changes or transfers. Because these call centers often operate twenty-four hours a day, seven days a week, many employees have to work evenings and weekends.

A Young Securities Sales Agent

Ben Mitchell entered the brokerage world as a twenty-five-year-old account executive in the regional office of a large national firm. At his company and other large brokerage firms, the securities sales force is typically composed of individuals who are college educated and several years out of school. Ben fit this pattern. After graduating from college with a major in history and a minor in business, he worked for a mortgage company and then an insurance firm. When his father became ill, he decided to pursue a better-paying career and chose the brokerage industry. By the end of his first year with the brokerage firm, Ben was earning

virtually the same amount he did previously; however, he wasn't discouraged because he knew that the brokerage industry could yield a substantially higher income over the lifetime of his career.

Ben's typical workday began at the office no later than 7:30 in the morning. He started his day by reading the *Wall Street Journal* to check the value of stocks in which he was interested and to get a feel of what the stock market was doing. Ben spent the rest of his day researching clients' accounts and trying to contact as many people as he could. He would start hitting the phones, "cold calling like a fool," and try to recruit clients all day. As Ben explains, "The more people you speak to, the greater chance you have of establishing a relationship."

Almost every brokerage firm's securities sales employees are paid on a commission basis. It can be great to have an unlimited earning potential, but that doesn't mean it is going to happen overnight. At this early point in his career, Ben found that more often than not, he would work all day and leave with nothing to show for it.

The Pluses and Minuses. The most gratifying thing about this job for Ben was helping people attain their desired financial goals through his knowledge and hard work. Ben achieved this by getting to know as much about the client as he could. He also worked at developing a personal relationship so the clients would turn to him for all financial advice. He knew that he had done a good job when clients called to ask what kind of car they should buy instead of focusing on what they could afford.

One difficult aspect of Ben's job was being able to differentiate between making a decision with his heart and making a well-researched decision. About this profession, Ben says that if you can't come to terms with the fact that clients' investments may fluctuate in value with the ups and downs of the market, you will have an ulcer. Ben believes that as long as his customers have a balanced portfolio, they will come out ahead, as diversification is really the key to investing. With a wide variety of securities,

one facet of a client's portfolio will always outperform another through any market cycle. Another downside for a securities sales agent is realizing that people are not just going to walk in the door and give you their life savings. You need to earn their trust and respect and then hope the money will follow.

Career Advice. If you make the decision to become a securities sales agent, you should be prepared for a lot of hard work and long hours. It is also important to be honest in your dealings with clients, as they will appreciate your integrity. Ben says that a good career guideline is to always look after your clients' interests as if they were your own.

A New Job. Many securities sales agents leave the brokerage field after a few years because of the pressure of the job and the difficulty of earning as much as they would like. Ben left because he found a different niche in the brokerage industry that fit him perfectly. After selling a 401(k) plan to a large group, he realized that working in the retirement plan market was the field for him, and he took a job as an account executive with Manulife. Now, he calls on stock brokers to sell them 401(k) plans from the sixty different choices that his company has put together. They then sell the plans to wealthy individuals and corporations. Ben is delighted that he no longer has to make cold calls, and this position provides him with an excellent income, as he receives money from each sale as well as a continuing stream of revenue from subsequent sales.

Job Qualifications

While employers, especially the larger brokerage houses, want securities sales agents who have a college degree, your major is not important. You could have a degree in anything from business to history to music. You will, however, find it helpful to have taken courses in business administration, economics, and finance because prospective employers want you to be well informed about economic trends and conditions.

Many employers consider your personal qualities and skills more important than your academic background. They want employees who have sales ability and good communications skills, are well groomed, and have a strong desire to succeed. You will also need to have self-confidence in order to handle the frequent rejections that are part of this job. Because maturity and the ability to work independently are important, many employers prefer to hire those individuals who have achieved success in other jobs. Some firms prefer candidates with sales experience, particularly those who have worked on commission in areas such as real estate or insurance. Therefore, most entrants to this occupation transfer from other jobs.

Licensing Requirements

To become a securities sales agent, you must meet state licensing requirements, which generally include passing an examination and, in some cases, furnishing a personal bond. In addition, sales agents must register as representatives of their firms, according to regulations of the National Association of Securities Dealers (NASD). Before beginners can qualify as registered representatives, they must pass the General Securities Registered Representative Examination (Series 7 exam), administered by the NASD. They must also be employed by a registered firm for at least four months. Most states require a second examination—the Uniform Securities Agents State Law Examination. These tests measure the prospective representative's knowledge of the securities business, customer protection requirements, and record-keeping procedures. Many people take correspondence courses in preparation for the securities examinations.

Training

When you take a job as a securities sales agent, your employer will probably provide on-the-job training to help you meet the requirements for registration. In most firms, this training period generally takes about four months. If you are a trainee at a large

firm, you may receive classroom instruction in securities analysis, effective speaking, and the finer points of selling; take courses offered by business schools and associations; and undergo a period of on-the-job training lasting up to two years. Many firms like to rotate their trainees among various departments in the firm to give them a broader perspective of the securities business. In small firms, sales agents generally receive training at outside institutions and on the job.

Securities sales agents must understand the basic characteristics of a wide variety of financial products offered by brokerage firms. Agents periodically take training, through their firms or outside institutions, to improve their sales techniques and to keep abreast of new financial products as they are introduced on the market. Computer training is becoming more and more important as the securities sales business is increasingly automated.

A Look at Advancement Opportunities

The principal form of advancement for securities sales agents is an increase in the number and size of the accounts they handle. Although beginners usually service the accounts of individual investors, eventually they may handle very large institutional accounts, such as those of banks and pension funds. Some experienced sales agents become branch office managers and supervise other sales agents while continuing to provide services for their own customers. A few agents advance to top management positions or become partners in their firms.

The Story of a Successful Vice President

As the vice president and resident manager of a brokerage office in Northern California, Noel Sherry had what can be considered one of the most difficult jobs at Merrill Lynch. In this position, Noel wore two distinct hats. One was that of financial consultant, a role that demanded he acquire clients, design financial plans, structure portfolios, and dispense financial advice. In addition, he also had to keep abreast of changing markets and all the news that may impact

those markets. His greatest challenge as a financial consultant was to make money for clients in markets over which he had no control. The competition is fierce, as many firms are vying for the same customer's investment dollar. The pressure is enormous. Clients have big expectations both in terms of performance and service.

The other hat Noel wore was that of the resident manager, requiring him to manage the office. In this role, Noel was surrounded by intelligent, high-achieving, hard-working individuals. At Merrill Lynch, all financial consultants must have a college degree, and most have resumes that reflect unusual patterns of success in various areas of their lives. As manager, Noel supervised all office personnel—hiring, firing, and so forth. He also attended to all human resources issues, served as an ambassador to the community, dealt with client issues, and ran the office profitably and in accordance with the firm's objectives. Handling both roles translated into an incredibly busy and demanding job with a workday that usually ran ten to twelve hours.

Although this is a difficult and demanding industry in which to work, it can be an extremely rewarding one if you have the drive and desire to be successful. Noel began working as a financial consultant in 1982, right after graduating from the University of California at Berkeley. While he has continued working as a financial consultant, he has also taken on the roles of sales manager in the San Jose, California, office; founder and manager of the office in Capitola, California; and vice president and resident manager of the Northern California office. After many years of juggling management with his work as a financial consultant, Noel decided to concentrate on managing accounts. He is now vice president of investments at another major brokerage house.

Career Advice. Noel points out that contacts within the company you want to work for can help you land your dream job. However, he cautions, it is even more important to have a resume that reflects your drive and motivation for high achievement.

Once your resume is in top shape and you get that job, you will have to learn how to do it successfully. According to Noel, nothing, even training and classes, is as beneficial as what you learn while actually working on the job.

He recommends that anyone interested in being employed as a securities sales agent start his or her career by working for a large firm. A larger company will typically have a greater number of clients, be able to offer a more comprehensive list of services, and possess a well-known and reliable reputation. In the larger firms, entry-level security sales agents are often called associate financial consultants for at least their first two years on the job. During this time, agents concentrate on learning the business and building clientele. Some firms provide a mentor, someone who has prior successful work experience, to serve as a guide for new agents.

One other snippet of information that Noel offers is that work hours are tied to the hours of the New York Stock Exchange. So if you are working on the West Coast, your day will start at 6:30 A.M. to coincide with the 9:30 opening of the exchange in New York. Your day often won't conclude until 4:00 or 5:00 P.M., even though the exchange closes at 1:00 P.M. because there is so much paper-work to do.

Other Financial Services Opportunities

It is important to understand that securities sales agents are not the only employees working in brokerage houses. In large brokerage houses, there are many other people involved in helping clients manage their money. Portfolio managers, described in Chapter 5, concentrate on helping clients maintain a portfolio of investments, while other employees concentrate on securities research, investment strategies, and managing the day-to-day operation of the firm. There are also accountants keeping track of all the investments. In small brokerage firms, an individual typically has more than one responsibility.

Working as an Investment Strategist

Darren Clauws became the chief investment strategist for High Street Financial, Inc., after working for the company a mere two years. Right after completing his M.B.A., Darren started at the firm as an analyst responsible for supporting his manager with portfolio accounting and security research. Because Darren got his foot in the door with a small, relatively new, and rapidly growing company, and because he is a very hard worker, he was quickly promoted to his current position and immediately more than doubled his salary. Since Darren first became the chief investment strategist for High Street, the firm has more than quadrupled in size, and his income has grown steadily, especially from performance-based bonuses.

Darren's job responsibilities as the chief investment strategist include portfolio accounting, security research and selection, economic research, and continual reevaluation of the company's investment strategy. However, as the staff has grown over the years, his administrative responsibilities have also grown. Portfolio accounting involves keeping all client records up-to-date. Without accurate records, one could erroneously buy a security the client already has or, worse, sell a security that the client doesn't own. Record keeping involves downloading client transactions every morning from the custodian's mainframe computer and reconciling the changes with the company's records. It is like balancing one thousand checkbooks every day. This part of Darren's job is now being done by support staff; however, he holds the ultimate responsibility.

While the stock exchanges are open, Darren continually tracks news releases on the economy as well as companies in which his firm's clients own stock and stock he is interested in purchasing for clients' portfolios. Periodically, clients call to receive updates on their accounts and to discover where High Street is looking to invest in the future.

Darren also works closely with the operations manager, who is responsible for opening accounts for new clients, transferring

client assets, and making sure clients have completed all of their paperwork correctly. It is important for Darren to know when clients are depositing money or transferring assets so that he can watch for the money to hit their accounts and thus become new assets for him to manage.

Darren works an average of forty-five to fifty-five hours per week. At times, he needs to work on weekends to get caught up on research, and he is always bringing analyst reports, annual reports, and corporate briefs home to read in the evenings.

The most enjoyable aspect of Darren's job is knowing when he has done a good job. He is easily able to measure his success by matching his results with his clients' expectations. These expectations may involve simply outperforming what the client could have earned on a money market (interest-bearing) cash account or the more challenging task of outperforming market indexes. Unfortunately, these same expectations can also be disadvantages. The clients know exactly when you are not doing your job well, and this is where the stress of this job arises. One of the best ways to combat this is to manage the clients' expectations.

Darren tries to sell his company to prospective clients by gaining their trust and keeping in touch with them on a regular basis. There is nothing more important in the investment industry, he says, than making sure your clients can trust you to manage their money. In many cases, Darren is managing the life savings of his clients, which is an awesome responsibility. Clients count on that money to enable them to purchase a home or live comfortably in retirement.

Career Advice. Darren believes that as the American workforce continues to become more educated, it will become increasingly important for those in the investment industry to have not only a bachelor's degree but also a graduate degree in order to differentiate themselves from their peers. He also recommends becoming a Certified Financial Analyst (CFA), which is the most prestigious designation a person in this career can achieve. It is considered

equal to attaining a graduate degree in economics and finance from a top-tier business school, and he recommends it highly for people entering the buy-side of the investment industry. *Buy-side* is a term used to describe analysts, economists, and other back-office research positions in the industry. The sell-side of this industry is made up of the brokers, account executives, and salespeople who generate the clientele.

In addition to taking the obvious courses in economics and finance, Darren recommends gaining experience in the information systems area. Since technology in this industry is growing exponentially, he believes that without extensive knowledge of computers and the more popular software packages, a person cannot succeed in this career.

A Look at What Securities Sales Agents Earn

Trainees usually are paid a salary and a lower commission rate on sales until they develop a client base. The salary gradually decreases in favor of commissions as they gain clients. Commission earnings are likely to be high when there is much buying and selling and lower when there is a slump in market activity. Most firms provide sales agents with a steady income by paying a “draw against commission,” a minimum salary based on the commissions that they can be expected to earn. Agents who work for discount brokerage firms that promote the use of telephone and online trading services usually are paid a salary.

Securities sales agents who can provide their clients with the most complete financial services enjoy the greatest income stability. Because pay depends on an individual’s production, incomes vary wildly. The median annual earnings for sales agents ranges from approximately \$25,000 for those in the lowest 10 percent to more than \$150,000 for the highest 10 percent of earners. Overall, the median annual earnings of all agents is close to \$60,000.

Commission Versus Fee-Based Salaries

In 1988 Charles Carnevale and his wife, Julie, started their own investment firm, EDMP (Earnings Determine Market Price). It is a fee-based firm, which means that its clients pay an annual fee in exchange for the management of their investments. While most companies big and small charge their clients a percentage or commission based on the purchase or sale of a security, Chuck believes that the future of the securities firm is with fee-based portfolio management. Because EDMP's approach is fee based, it will not charge the investor a percentage of each security sale or purchase. Instead, EDMP charges an annual recurring fee of 5 to 10 percent based upon the size of the individual's portfolio—the amount of money that person has invested through the company.

..... Employment Outlook

If you choose to become a securities sales agent, you will be choosing a job that depends very directly on the success of the economy. The number of sales agents is reduced whenever the economy or stock market suddenly declines. When the economy is booming, the demand for sales agents is high. Keep in mind, however, that even during periods of rapid economic expansion, competition for securities sales training positions—particularly in larger firms—is keen because of the potentially high earnings.

While no one can predict the future, it is now believed that this occupation should grow faster than the average for all occupations through 2010. This is anticipated for several reasons:

1. Baby boomers are in their peak investment years and need the advice of sales agents as financial advisors.
2. Investment is more complex, so many investment products require financial advice.
3. Individuals are buying on the options and futures markets in which agents are needed to buy and sell these products.

4. Overall, the economy is expected to do well, resulting in an increase in investment.
5. Agents now have more financial services to offer as deregulation has enabled brokerage firms to sell certificates of deposit, offer checking and deposit services through cash management accounts, and sell insurance products, such as annuities and life insurance.
6. Growth in the number and size of institutional investors will be strong as more people enroll in pension plans, set up individual retirement accounts, establish trust funds, and contribute to the endowment funds of colleges and other nonprofit institutions.
7. More agents also will be needed to sell securities issued by new and expanding corporations, by state and local governments financing public improvements, and by foreign governments whose securities have become attractive to U.S. investors as international trade expands.

In searching for a job, you will find that job opportunities in large firms are best for mature individuals with successful work experience. Opportunities for inexperienced sales agents should be greater in smaller firms.

.....

A Look to the Future

With the advancement of technology, the brokerage firm may become a portable unit. Laptops and cell phones will make it possible for securities sales agents of the future to make a living from home or while on the road. Agents will be able to sign up new clients and start investing for them right away, trading at any time, day or night. It is even possible that in the more distant future, investors will pick out a lifestyle portfolio, leaving the majority of an individual's portfolio to be managed by a computer. The

agent's role will then be to bring in assets and to constantly sign people up with the firm of record.

While online trading is expected to grow and will reduce the need for direct contact with an actual securities sales agent, the number of agents is still expected to grow, as many people will always want to have the advice that a full-service agent can offer.

This page intentionally left blank.

Stock Traders and Their Assistants

The behind-the-scenes players in the buying and selling of stocks, bonds, commodities and other financial products are the traders and their assistants, whose job is to match sellers and buyers so that deals can be done. They commonly work at a stock exchange. When you tell your securities sales agent that you want to buy or sell a stock, your order is often relayed through the firm's offices to the firm's floor broker, or it may be sent directly to a receiving clerk on the floor of the exchange.

The environment on the trading floor is absolutely wild. Brokers and traders are yelling, waving their hands, and fighting for prime positions on the floor. As a financial maven, a career as a trader or floor broker should appeal to you because these are jobs that will completely involve you in making financial deals every minute of your workday. They are also very exciting jobs in which transactions worth millions, even billions, of dollars are completed in just a few seconds.

A Brief History of Stock Exchanges

The New York Stock Exchange is the largest exchange for securities in the world. It was organized in 1792 by twenty-four brokers who met to buy and sell stock under a buttonwood tree on what is now Wall Street in New York City. But the New York Stock Exchange isn't the oldest in the country. One year earlier, a stock exchange was established in Philadelphia, which was then the

leading city in domestic and foreign trade. Nor is the exchange in New York the only one in the United States. Others include the American Stock Exchange, also in New York City, and five regional stock exchanges, which are located in Boston, Cincinnati, Philadelphia, Chicago, and Los Angeles.

The concept of stock exchanges grew out of early trading activities at trade fairs in Europe during the Middle Ages when traders began using credit and needed supporting documents. During the twelfth century, trading in commercial bills of exchange began in both France and the Low Countries. In 1531, the first European stock exchange similar to today's institutions opened in Antwerp, Belgium. Today, major stock exchanges are located throughout the world in such locations as Tokyo, London, Paris, Frankfurt, Toronto, Johannesburg, Hong Kong, Singapore, and Milan.

A Quick Look at Trading Procedures on the Exchange Floor

First of all, you need to envision the scene at the New York Stock Exchange. The setting is similar at other exchanges. Papers litter the floor; the noise is horrendous as prices are screamed out to complete transactions, and brokers and traders are dashing around looking for the post where a specific stock is traded. The posts aren't actual posts today, although they once were. Traders, called specialists, are at each post dealing in several stocks that are listed overhead. Inside the post or station, a computer clerk records all transactions. The pandemonium starts when the bell rings at 9:30 A.M. and doesn't end until the final bell at 4:00 P.M. Traders and brokers stay on their feet throughout the day (there are no chairs) and are sometimes able to grab a sandwich for lunch. The action is nonstop.

Trading Procedure

With the advent of the computer age, an increasing number of trades are being handled completely by computers. Nevertheless,

traders on the floors of stock exchanges are still extremely busy handling deals. Here is how it works. A trade order is received on the floor of the exchange by a clerk of the firm where the order was placed. The clerk passes the order to a broker, who goes to the post where the stock is traded and negotiates the purchase or sale of a stock in an auction lasting just seconds. Because this is an auction, stocks are sold to those bidding the highest prices and bought from those offering the lowest prices. It is the specialist (trader) in the stock who keeps the process orderly by buying and selling for his or her own account when there are not other buyers or sellers present.

The Major Players on the Floor

There are more than thirteen hundred brokers on the trading floor of the New York Stock Exchange. The specialists spend their days within just a few feet of the post where their stocks trade. There are also house brokers who are employed by investment firms such as Merrill Lynch and Morgan Stanley to execute trades for the firm's clients. They usually stay in one geographic area of the exchange. The independent brokers are self-employed. They handle overflow business from giant firms and work for smaller brokerage houses and large investors. The final players, and the smallest group, are the mixed-business brokers. People in this group often serve as brokers for regional firms and also trade on behalf of other clients. You will find the same types of brokers at all the exchanges; however, there will be fewer of them because the exchanges are much smaller.

.....

Other Trading Jobs

It is important to understand that not all trading jobs are on the floors of stock exchanges. Brokerage houses, banks, mutual fund companies, investment banks, and other financial institutions also have traders, known as upstairs traders. These traders may handle trades for their firms or customers within the house, with brokers

or traders on the floors of exchanges, or with dealers in an over-the-counter market, such as the NASDAQ computerized trading system. Besides the stock market, there are also traders who trade options, commodities, futures, and bonds in a similar fashion.

A Trader on the Pacific Stock Exchange

It is not an easy life to be a trader; however, in this job you are in the center of the financial heartland of America—the stock market. Mark Johnson is on the floor of the Pacific Stock Exchange from 6:30 A.M. to 1:10 P.M. Monday through Friday buying and selling stock options. He works in a pit (a sunken area) with forty to fifty other traders and their clerks. He won't leave the pit until the end of a trading session even to eat lunch because he might miss a trade. Mark buys and sells stock options for approximately twelve stocks. A stock option is a contract conveying a right to buy or sell a stock at a specified price during a specific period of time.

Here's the way an options trade works. With an order in hand, the broker goes to the pit where the option is being traded. The broker begins the trade by loudly asking: "How's the market in (a specific option)?" or "What's the market?" Then Mark and the other traders who deal with that option yell out their prices. The broker then chooses the three traders in one, two, three order who are offering the best price for the customer. If Mark is chosen, he and the broker quickly decide on the size of the trade and Mark gives the broker a ticket. Mark then turns around and hedges his position by buying or selling stock, which he does by yelling out an order to a stock clerk. The action moves at a lightning pace, and Mark could complete a transaction in as little as five seconds.

Behind the Trading Scene. By 5:00 A.M. Mark is in the pit preparing for the opening of the Pacific Stock Exchange, which operates on the same hours as the New York Stock Exchange. The first thing he does is check the clearinghouse records of his trades from the day before to make sure they agree with his tickets. He then checks his current positions to figure out what needs to be

adjusted that day. When the market opens, Mark spends the rest of the day making two-sided markets (bids and offers) on the optionable stocks that he deals in. He makes decisions based on supply and demand of the public, the current price of the stock, the direction the stock is moving (up or down), and his own position. Mark owns his own seat on the exchange; therefore, how successfully he trades determines entirely how much money he makes. The way he makes money is by taking advantage of the spread between the bid and offer price of options. In other words, to make money, he buys options cheaper than he sells them for.

Getting Started as a Trader. While you don't need to be a college graduate to become a trader, you do need to be a whiz at adding and subtracting. Mark became fascinated with trading after taking a college class that involved the hypothetical trading of commodities. He also took a graduate course on option pricing. During this class, a guest lecturer who worked for the Pacific Stock Exchange spoke of career opportunities. After graduation Mark started at the exchange as a quote operator and really began to learn how to trade. In this job, Mark listened to what was happening in a pit and typed up the bids and offers so the public could see them on a screen and know how options were being priced. Then he learned even more about trading by clerking for a trader for two years. Mark's next step was to use the expertise he had acquired to start trading for himself.

A Trader at an Investment Bank

The trading scene is no less frenetic when it is located at an investment bank. There is just as much yelling out when traders receive and act on orders. One difference is that the traders are sitting down in front of computers that are keeping them constantly up-to-date with what is happening in their market areas.

Anthony LeRoy works as the head trader at the principal strategies desk of a major investment bank in New York City. Prior to becoming a trader, he gained experience in trading operations.

His particular job was to catch errors in which the floor report on a stock did not match the report entered into the computer. Today, he has his dream job as a trader. Anthony arrives in the office by 7:00 A.M. and immediately goes online to see if there are any corporate events that can be exploited to earn money for the firm. For example, if one company is purchasing another, it may be advantageous to buy the stock of one company and sell the stock of the other. Sitting behind him are very experienced analysts with whom he discusses the situation and reaches a decision on pricing and when to buy or sell the stocks.

Once the market opens, he uses his expertise to decide when to place orders. Anthony presses a button on his computer to send orders to an independent floor broker he uses hundreds of times a day. He also uses a direct phone line to the broker to check on orders and discuss strategies while the market is open. In addition, he has several other avenues that he interacts with electronically. His day is spent making trades, consulting with analysts and other traders, and keeping track of what is occurring in the market. At the end of the trading day, he sits back and talks to fellow traders and analysts about the day's events. They discuss problems and successes and make plans for the next day. It's rather like the sessions coaches hold with their players after every game.

.....

More Trading Jobs

Behind all of the trades that are made on the exchanges, in brokerage houses, in investment banks, and in banks is a small army of brokerage clerks producing records of each trade. Purchase-and-sale clerks match orders to buy with orders to sell. They balance and verify stock trades by comparing the records of the selling firm to those of the buying firm. Dividend clerks ensure that clients receive their payments. Transfer clerks execute customer requests for changes to security registration and examine stock certificates to make sure they adhere to banking regulations. Receive-and-deliver clerks facilitate the receipt and delivery of

securities among firms. Margin clerks post accounts and monitor activity in customers' accounts. These jobs in operations are definitely not dead-end jobs and can lead to jobs as traders. Anthony LeRoy, for example, began his financial career in operations.

The Route to Becoming a Trader

Traders may get a foot in the door working as assistants to traders or in the operations jobs that were just described. They also often start as financial analysts working in trading, sales, or research. Typically, they have master's degrees in business administration, although some are bachelor's degree graduates with very good grades from very challenging schools. Because all of these jobs lead to extraordinarily high salaries, there is keen competition for every position.

The Lure of a Career in Trading

There are many challenges in careers associated with the trading of stocks. Decisions have to be made quickly, and they need to be right most of the time for they involve earning or losing money for a client or firm. Financial mavens who are captivated by the actions of the market have a chance to test their expertise every day in predicting which stocks will go up and which will go down in value.

The rewards for being a successful trader are great. In large firms, it is quite easy to earn more than \$250,000 a year. House brokers on the floor of the New York Stock Exchange can earn from \$200,000 to \$500,000 in salary and bonuses. Beginning jobs in operations command salaries ranging from \$50,000 to \$100,000, while trading assistant jobs often range from \$75,000 to \$100,000.

This page intentionally left blank.

Portfolio Managers

Investors used to purchase shares in the stock of a company, such as General Motors and AT&T. Today, they still own shares in individual companies, but they also are likely to own shares in a wide variety of companies through the purchase of shares in a mutual fund. Money has flowed into the market in recent years from mutual funds as well as private pension funds, state and local pension funds, insurance companies, and personal trusts. Some of these funds actually involve billions of investment dollars. These large amounts of money are managed by financial mavens called portfolio managers. They have the tasks of deciding which stocks and other financial instruments will be in the portfolios they manage and monitoring the assets in the fund.

Mutual Funds: New Kid on the Block

The major reason so much money has gone into mutual funds in recent years is that baby boomers are saving for retirement. It is decidedly easier to buy shares in a mutual fund than to take the time to research individual stocks or other financial instruments. In addition, mutual funds offer a veritable smorgasbord of choices: growth funds, aggressive growth funds, income funds, and international funds, to name just a few options. Mutual funds are not just limited to stocks; there are bond funds, U.S. government income funds, municipal bond funds, precious metals funds, mortgage securities funds, and many others. In addition, there are balanced funds that have investments in different combinations of stocks, bonds, and other financial

instruments. Investors can choose the fund or funds that meet their interests. More than one in three American households today own shares in mutual funds that they have purchased or that are held in their pension plans at work.

A Portfolio Manager of International Funds

Portfolio manager jobs are not limited to mutual fund companies. These jobs are located wherever there are large funds that need to be invested. They are at corporations, unions, government units, colleges, insurance companies, and banks.

Laura Fischer is a portfolio manager at a major bank in Chicago, where she manages three international funds. Much of her day on the job is spent gathering information about what is happening in the market, in different companies, and in world economies. She uses electronic sources, newsprint, research analysts, information services, and phone calls to gather the information she needs to make decisions on buying and selling international stocks for the portfolios. Her decisions are also based on whether a fund is gaining or losing money.

Each day Laura spends time talking on the phone and in person to clients who want information about her funds. Most of these clients are large investors. In this job, like most others, Laura spends time in meetings that are devoted to gathering and sharing information. She typically attends meetings with company analysts, service information providers, peers, and those who are operationally involved in the buying and selling of shares. Part of Laura's job responsibilities are dictated by federal law. Twice a year, fund managers have to send out information keeping shareholders informed of what is going on in the fund. And when a new fund is started, key information about the fund must be sent out to prospective investors before their money can be accepted.

Laura's Career Path. Laura's background is different from that of many portfolio managers. She did not major in a business-

related field as an undergraduate, but rather in a foreign language, and she does not have an M.B.A. After graduation from college, Laura entered the investment field as a research analyst, which is the first job of most individuals who become portfolio managers. She worked with a senior analyst covering technology stocks. What was so exceptional about this job was that Laura actually gained some portfolio management experience because she was involved not only in making recommendations based on research, but also in making actual decisions on buying and selling stock. This happened because her boss was an excellent mentor. Two years later, when he moved to another job, Laura got his job and was actually managing a technology fund.

For someone to begin managing a fund after two years of experience only happens when great skill in fund management has been demonstrated. Laura, obviously, could apply what she learned through research.

Several years later, Laura began to search for an international job through peer contacts and networking because she wanted to gain firsthand international experience. She was able to join a small British start-up in London, where she managed several funds.

Her next career step was to start an office for another British firm in the United States. In this job, she managed the office as well as several funds. The office was so successful that she had to hire more portfolio managers. Laura left this office with several others for work at a small to medium investment company. From this job, she was hired by a large bank that wanted her to devise ways it could secure an international presence in mutual funds. She investigated different ways to do this and ultimately started an international fund.

Today, Laura has become a vice president and principal at the bank in charge of international equities. Her department has grown steadily, and she has hired several other portfolio managers to manage different international funds.

Working as a Portfolio Manager

Robert Tredway works for Lawson Kroeker, a small investment management company in Omaha, Nebraska, with just five employees. He is a portfolio manager who assists individuals in the development of their portfolios and financial goals. Robert thrives on individual, one-on-one contact with his clients and chooses to emphasize the service and personal aspects of his job.

After obtaining his undergraduate degree in agricultural science and then his M.B.A., Robert went to work for an Omaha bank as a fixed-income analyst working with the buying, selling, and tracking of bonds. In addition, he was asked to serve in a support position to oversee the management of minor portfolios. Robert says that individuals starting out in this industry can expect to crunch a lot of numbers, and they should know a great deal about current technology because they will use the computer for financial analysis and client contact. It might also be necessary for them to utilize the firm's computer system to surf the Web for information.

After working for the bank, Robert moved to a governmental agency as a finance manager, a position that he disliked because it lacked contact with clients. He had two other positions in large companies and banks before he started working at his present firm. This career move reduced the number of his clients from four hundred to approximately forty, a change that has enabled him to spend far more time building relationships with his clients and managing each of their portfolios. Another change in moving from a large firm to a small one was that he stopped receiving a straight salary and company benefits and began to be compensated based on the company's profitability.

Career Advice. In order to be a successful portfolio manager, Robert says that you must enjoy working with people and realize that you are responsible for one of their most important possessions—money. If you are shy and reluctant to work with people,

you could still be in this business by electing to manage a mutual fund in which you deal only with your staff and rarely if ever meet individual investors.

More Jobs in Investing

You do not have to be a portfolio manager to be involved in the investment of large amounts of money. Behind the portfolio managers, there are teams of people supporting the work these managers do. There are research analysts evaluating the performance of different companies, stocks, industries, and economies. Marketing people are needed to sell the funds to the public, companies, and other groups, such as pension managers.

If you are a money mover who really likes to talk, you may be intrigued with a job as a relationship manager. In this position, you would talk to clients and pass information back and forth between them and the portfolio managers. There are also the traders (described in Chapter 4), who buy and sell stock and other financial instruments for portfolio managers.

If you have a legal background, you could work as a compliance officer, making sure that the law is being followed exactly in the sale of funds. There are also many back-office administrative jobs handling reports and statements and settling trades. A great number of systems people are needed to work in the following areas:

- technology
- information
- trading software
- databases

The following positions are available at companies selling mutual funds. The job descriptions will help you understand what employment opportunities exist in the investment arena and the qualifications needed to secure them.

ADMINISTRATIVE ASSISTANT

JOB DESCRIPTION

- Compile information into reports and spreadsheets ranging from routine to complex using various software packages
- Assist in implementing office procedures and controls
- Manage human resources administration
- Assist in creating presentations, charts, reports, and letters
- Handle special business projects as assigned
- Perform various administrative tasks, including answering telephones, referring callers as needed, scheduling appointments, arranging meetings, making copies, distributing mail, making travel arrangements, maintaining supplies and files, and tracking expenses

REQUIRED SKILLS

- Self-directed individual willing to work overtime
- Excellent PC skills and Microsoft Office software experience (including Word, Excel, PowerPoint, and Access)
- Ability to juggle multiple tasks at one time and remain focused in a fast-paced environment
- Capability to work under limited supervision
- High degree of integrity and confidentiality

RESEARCH ANALYST

JOB DESCRIPTION

- Work closely with portfolio managers
- Play a vital role in determining the fund's investment performance in an industry
- Interview managers of companies

- Communicate with research analysts in brokerage community
- Apply economic and industry analysis to the implementation of investment ideas

REQUIRED SKILLS

- High motivation and intellectual curiosity
- Avid interest in the stock market that has been demonstrated through either previous work or personal investing
- Excellent skills in financial analysis
- Good business judgment

INVESTMENT REPRESENTATIVE

JOB DESCRIPTION

- Respond to inbound 800-number inquiries and educate potential fund investors to meet their investment objectives
- Perform outbound follow-up contacts to inbound inquiries and actively confirm the client's objectives and close the sale
- Meet or exceed the monthly sales quota through participation in the department's automated inbound/outbound environment

REQUIRED SKILLS

- Strong sales skills
- Detailed knowledge of mutual fund's products
- Interpersonal skills
- Thorough knowledge of financial industry
- NASD registered with Series 7 and 63 licenses
- One or more years of financial experience

Working as an Arbitrageur

After college, where he majored in economics, Bill Porter went to work at an investment bank as an analyst in mergers and acquisitions. During his third year as an analyst, he was able to secure an apprenticeship in the arbitrage department, which is a very difficult position to get. Arbitrage is the nearly simultaneous purchase and sale of securities in different markets in order to profit from price discrepancies. Bill began running trading positions as soon as he had acquired sufficient background experience in arbitrage. In this department, you are judged by your success. You could be a great arbitrageur at twenty-four, making more money than a more experienced arbitrageur of forty. Bill devised a very sophisticated trading strategy that has proven so successful he now runs a huge portfolio of the investment bank's own money.

This is not an easy job. Bill leaves home every day by 7:00 A.M. and rarely gets home until twelve hours later. Before the market opens, he is busy researching what has happened the previous day. His research starts on the way to work while he reads the *Wall Street Journal* in the taxi.

Once the market opens, Bill is seated behind his two workstation computers looking for spreads that can be turned into profits. When he wants a trade, he yells out to the traders who are sitting down a long table from him. He scarcely stops for lunch in his quest to make money for the firm.

When the market closes at 4:00 P.M., he can relax a bit and contemplate the trades he has made that day as well as those he will make in the future, plus he has time to do more research. Bill's success on the job made him a vice president of the firm and a millionaire before the age of thirty. Today, he is the head of the U.S. arbitrage desk for his firm.

.....

Emerging Job Opportunities

Because mutual funds have met investors' needs so well, they are growing like weeds. At the same time, a number of new services

related to these funds have emerged at banks, fund companies, brokerage houses, and new companies. All of this translates into more jobs and new jobs.

Banks and brokerage houses are now selling mutual funds as well as individual stocks. Reams of material have been written on using these funds for retirement and college. New companies that track the performance of these funds and write about their quality for investors have emerged. In addition, investors can buy CDs and computer programs to keep track of their investments and to learn how to invest their money. Plus, most of the funds have websites to provide information to the public. All of these new services provide additional job opportunities for those who wish to be closely involved with the investment of large sums of money. Here is a recent Web ad for an entry-level research position with a financial publisher.

RESEARCH ASSISTANTS: ENTRY-LEVEL POSITIONS

A cutting-edge financial publisher, located in New York City, has immediate openings for research assistants. The ideal candidates must possess an outstanding aptitude for math, superior written and verbal communication skills, the ability to read financial reports, and a minimum of two courses in accounting or finance. Familiarity with computers is a plus. Degree preferred.

A Glimpse into the Future

As long as the economy keeps expanding, financial mavens will find a wide variety of jobs wherever there is a large pool of money. Technology will continue to reduce the need for some clerical workers, but at the same time it will increase the need for those with computer expertise. Jobs in this investment sector are highly prized because they pay well and are extremely challenging.

Research analysts right out of college can command salaries at prestigious firms ranging from \$60,000 to \$100,000, while those with M.B.A. degrees can earn from \$75,000 to \$200,000. For a few individuals this will lead to positions as fund managers that pay a million dollars or more a year. The downside for jobs in this sector is that when there is a downturn in the economy, as much as 10 to 20 percent of the workforce at a firm may be laid off.

Financial Planners and Money Managers

It's not easy to know how to manage your money. So many questions inevitably arise: How much should I spend on life insurance? How can I prepare for retirement? What should I spend for a new home or car? What expenses should I cut in order to save more money? Which stocks should I purchase? Individuals have to manage their money with skill to provide sufficient funds for their present and future needs. Because it is not easy to make financially sound decisions to achieve personal goals, many people now look to financial planners for advice about managing their money. In the same way, many companies avail themselves of the services of financial planners.

A Look at the Job of Financial Planners

Financial planners are financial mavens who help their clients take financial control of their lives. They use their knowledge of tax and investment strategies, securities, insurance, pension plans, and real estate to develop and implement financial plans that let individuals, couples, and companies realize their financial goals. Financial planners can be generalists who give across-the-board financial advice or specialists limiting their advice to an area such as college planning, debt counseling, or taxes.

There are three very distinct roles that financial planners play: investigator, developer, and implementer. During the investigation phase, financial planners spend a great deal of their time interviewing their clients to determine their assets, liabilities, cash flow, insurance coverage, tax status, and financial objectives. The planners also help the clients determine specific financial goals that they wish to achieve. For a family, these goals may be to save money for a new house, to establish a college fund for the kids, or to maximize retirement income. For a business, goals may include setting up a benefits plan for employees, reducing taxes, and protecting assets. During this phase, the financial planner also helps the client prioritize financial needs: How much risk can be tolerated for certain rewards? Can retirement be delayed to save more money? What comes first, building a college fund or raising the down payment for a new house? At times, the financial manager must serve as a mediator when a couple or business partners do not have the same financial goals.

Depending on the complexity of the client's financial situation and specific goals, this investigative phase can sometimes take months. Once it is completed, the planner then uses all of his or her expertise to analyze the information and develop a financial plan, which may involve consulting outside experts. This phase is not complete until the clients have accepted the plan.

Then it is time to implement the plan. This can involve such things as purchasing securities and insurance, forming trusts, drawing up budgets, consolidating loans, and making wills. The planner may seek help from other experts, including securities sales agents, bankers, and attorneys, in the implementation of the plan. In a continuing relationship, the financial planner and client will meet from time to time to evaluate and update the plan.

..... **Financial Planners in Many Workplaces**

Many financial planners begin their careers in sales positions at large financial institutions such as banks or brokerage houses.

Then after a few years, they often move into financial planning at a large corporation or into one of the steadily growing number of financial advisory firms. Many, however, leave the corporate world to operate as self-employed professionals.

In order to increase the number of clients they have, it is very common for financial planners to teach courses in adult education and at community colleges. This introduces them to people who may need their special skills. For the same reason, planners often give speeches to groups, including professional and fraternal organizations. A few financial planners conduct seminars in such areas as investing, taxation, and preparing for retirement, with the idea of increasing their client base.

Starting a Career in Financial Planning

While he was growing up, Bill Whopple knew that he wanted to follow in the footsteps of both his father and grandfather and work in finance, possibly in the family's financial consulting business. In college, he studied finance and took a great number of accounting courses dealing with taxes. To gain more knowledge about finance, Bill worked in a local bank during school as an assistant in the loan department. His job involved talking with people about different types of loans. He would then come up with a recommendation and present it to the loan officer for review and approval of the customer.

After graduation, Bill took a job at the family business. He now helps his father by gathering financial information from the firm's customers. Then he helps determine what the best plan is for the individual's financial needs.

In order to increase the number of clients for the firm's services, Bill teaches a finance course to adults through a local organization. The course is designed to educate people about the various methods of investing. During the course, he talks about such things as the stock market, portfolios, retirement plans, and handling college costs.

Bill enjoys his job and hopes to help his father expand the business and hire more employees. He feels that good communication skills are essential in being a good financial planner. According to Bill, you must be able to talk with your customers even about difficult financial matters, and you also must have strong writing skills in order to send out letters outlining financial options.

What It Takes to Be a Financial Planner

This is a profession that requires a diverse set of skills. Financial planners need to be knowledgeable about stocks, bonds, mutual funds, real estate, insurance, taxes, and trusts. They must be skilled at working with numbers and able to understand complicated legal and financial documents. In today's world, they must be computer literate, which includes the ability to research financial information on the Internet and create spreadsheets and word-processing documents.

Because planners must be well informed about current economic conditions and trends, a college education is almost a prerequisite in this profession. Majors in business, finance, and economics are helpful, along with some classes in communications, management, and computers. Plus, many financial planners take additional course work or training in insurance, securities, taxes, and real estate. Once financial planners have worked in the field for a few years, one option for advancement is to obtain a master's degree in financial planning.

Personal qualities are also important in this career. Professional planners need to have initiative and be able to work well with people as well as independently. They also need to be articulate and persuasive and have sales ability in order to build a clientele.

Certification

Just as being a CPA indicates that an accountant has a certain expertise, the Certified Financial Planner (CFP) designation

shows that a financial planner is well qualified. Because there are not any state licensing requirements in this profession at the present time, this is an extremely important designation. Anyone can now call himself or herself a financial planner, and some do not have the skills that this profession demands. CFP candidates, however, must master more than one hundred integrated financial planning topics. The topics cover major planning areas, such as general principles of financial planning, insurance planning, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning.

Once candidates have mastered the above topics, they are ready to sit for the certification examination, which is a ten-hour test taken over two days. This examination is designed to assess the planner's ability to apply knowledge to financial planning situations in an integrated format. The goal is to protect the public by assuring that certified financial planners are at the appropriate level of competency required for practice.

To use the CFP designation in public practice, the licensee must also have three to five years of experience related to financial planning, depending on the level of degree work completed. Beginning in 2007, it will be necessary to have a bachelor's degree to earn the CFP certification.

CFP licensees must complete a minimum of thirty hours of continuing education every two years and sign and adhere to a code of ethics that demands full disclosure, integrity, competence, objectivity, fairness, confidentiality, professionalism, and diligence in the performance of their duties.

Additional Certifications

Since states have bonding and licensing requirements for people who buy and sell stocks, bonds, and securities, individuals working in these areas will have to get the appropriate licensing. In addition, many financial planners are CPAs, and some are Chartered Financial Consultants (ChFCs). The latter certification is issued by the American College in Bryn Mawr, Pennsylvania, and

requires experience and completion of an eight-course study program. It also has a continuing education requirement. ChFC certification is another indication to potential customers that a planner has extensive training and competency in the area of financial planning. Also, if legal advice is offered, financial planners may need a license to practice law.

Job Qualifications for Working at Financial Planning Firms

If you study the want ads in a newspaper or visit one of the large job boards on the Internet, you will quickly see that employers have set high standards for financial planner positions at their firms. Note the skills, certification, and education required in the following advertisements for experienced financial planners.

CERTIFIED FINANCIAL PLANNER LICENSEE

Ten-year-old fee-first planning firm needs an experienced CFP. Enjoy the California beaches and help build your practice. Prefer three to five years' experience. Strong computer skills a must.

MANAGER OF CLIENT SERVICES

The manager of client services will provide financial planning, client service, and administrative support to the principal of a rapidly growing financial advisory firm. This position provides an opportunity to learn all aspects of the investment advisory business and contribute significantly to the company's growth. Principal responsibilities include:

- Maintain good communication with current clients through ongoing mailings and phone calls (articles, cards, reports, and other documents)
- Respond to client requests for special reports and distributions

- Schedule and confirm client appointments
- Maintain client and vendor files
- Prepare materials and reports for quarterly client meetings
- Maintain balance sheet on each client and detailed asset tracking
- Use software tools to develop tax plans, retirement plans, and charitable-giving illustrations
- Document the work process and improvement efforts

Qualifications include:

- Initiative and a strong desire to learn
- College degree and/or appropriate experience in financial field
- Strong computer background in Office programs
- Certified Financial Planner (CFP) designation or a willingness to work toward such designation
- Successful completion of the NASD Series 7 test desirable

INTERNAL DIRECTOR OF FINANCIAL PLANNING

We are a nationally prominent fee-based financial planning firm, regularly listed among the top planners in the country and achieving the expected publicity that comes with those honors. Our mission is to help our clients (typically corporate executives, business owners, and professionals with healthy incomes and net worths) develop and implement strategies to attain their personal goals. We view ourselves primarily as a financial planning firm but enjoy a substantial income from fees derived from managing more than \$100 million of client investments.

To support our continued growth, we need to hire someone to work internally in our six-person office, doing the

actual financial analysis and plan preparation and acting as the day-to-day supervisor of the client portfolios. All would be under my direct supervision. While the maintenance and development of good client relations will be important, no outside client development will be expected of this person since the number of opportunities that already exist are sufficient to keep us all busy.

The person I am looking for would ideally be an experienced CFP, personable, detail oriented, a good writer, computer savvy, cooperative, creative, self-motivated, loyal, hardworking, and knowledgeable regarding income and estate taxes and investments. A good fit with our growing staff in a hardworking, dynamic, positive environment would be important. Salary is negotiable. If you have existing clients, we could talk about how to fit them into our system with appropriate compensation to you.

.....

Four Practicing Financial Planners

These four financial planners took quite different routes to becoming planners. Today, all are working alone, which is not unusual for experienced financial planners. As you read this section, note the certification and educational backgrounds of these planners and the areas in which they specialize as well as their professional affiliations and career advice.

A Background in Banking

Mary Tinter is a certified financial planner who has her own financial planning firm in a small Midwestern city. She left a ten-year banking job to pursue this career. Today, she has twenty clients, all of whom she knows very well. Mary believes that this helps her create the right financial plan for each client's situation.

Although Mary has a bachelor's degree in business administration, she has always been interested in taking courses that keep her up-to-date in her profession. After starting her firm, she enrolled in the master's program for financial planning through the College for Financial Planning in Denver and has taken courses in insurance and retirement planning, which are now her specialty areas. In the future, Mary plans to take more courses in such areas as taxes and securities. She also keeps up with the latest financial planning developments by being a member of the Financial Planning Association.

A Background in Banking, Securities, and Financial Consulting

Although Charles O'Kelley works for a financial consulting firm, he has his own office and runs his own business. His educational background consists of a bachelor's degree in political science with a concentration in business and economics courses. In order to keep up with changes in the financial world and guide his clients successfully, he plans to enroll in the Chartered Financial Analyst (ChFA) Program after he earns CFP certification.

His career path has included a variety of financial positions, which has given him expertise in several areas. He began his career in commercial banking, became a financial controller at a company, worked with Merrill Lynch as an account manager, returned to banking as a bank manager, and then worked as a financial product wholesaler representing firms involved in mutual funds, variable and fixed annuities, and real estate direct participation programs. His final career move was into financial planning, working with a group of financial consultants.

On the Job. Charles spends approximately sixty hours each week designing and implementing financial plans for individuals and corporations. In addition to virtually running his own investment company, he is co-owner of a real estate and mortgage banking

business. Charles decided to get involved in real estate because he believes that land and its financing represent the single largest asset of most individuals and businesses and affect all aspects of financial planning for an individual or corporation.

Pluses and Minuses. Charles finds that his job can sometimes be lonely because he lacks daily association with other financial planning professionals. He also finds that running his own business can be overwhelming and stressful at times. However, the joy Charles experiences when one of his clients fulfills his or her financial objectives and goals makes up for any downsides.

Career Advice. Even though consolidations are occurring in financial services markets and profit margins are shrinking, Charles feels that the opportunities for dedicated financial planning professionals who are committed to helping people achieve their financial goals and objectives have never been better.

A Background in Corporate Finance

After working for twenty-five years as a financial officer for a large manufacturing organization, Mike Casper retired to become a financial consultant. During his last few years with the manufacturing company, he was in charge of keeping all the financial statements for North American operations. This involved traveling to all the sites of the company, auditing the inventory recorded monthly in financial statements, and talking with upper management about any major increases or decreases in their expenses. In order to help forecast the future financial state of the organization, Mike also had to stay in close contact with the marketing salesperson.

While Mike really enjoyed his job with the company, he was ready to work on his own and help others meet their financial goals. He started his financial consultant business by helping a friend set up a small card store. Within five years, Mike had helped more than fifty companies start up new businesses or expand their

businesses. He especially enjoys working with smaller companies. Mike likes being his own boss and setting his own work hours.

In order to make his business a success, Mike had to effectively communicate his strong financial skills and business successes to the community. This was probably the most challenging part of starting out as a consultant. After working with a few friends and relatives, the word slowly started to spread about his expertise. Now Mike even advertises in magazines and newspapers to find new clients.

Career Advice. Mike says that you must believe in yourself. When things seem to be moving slowly, he advises you to keep pushing and working hard, as it will eventually pay off.

A Background in Life Insurance and Securities

When Gordon Peay writes his name, he can follow it with the designations CLU (Chartered Life Underwriter), ChFC (Chartered Financial Consultant), CFP (Certified Financial Planner), and M.A. (for his master's in psychology), indicating the high level of expertise he brings to his career as a financial planner. Not only are his credentials impressive, he has contributed to the development of his profession by serving as the president and then the chair of the board of the Los Angeles Society of the Institute of Certified Financial Planners, now called the Financial Planning Association. The mission of this organization is to promote a higher level of consumer awareness and confidence and to provide timely, relevant financial planning information to consumers. The organization holds symposiums on a wide variety of financial planning and investment topics, hosts regular events to encourage and enhance relationships with professionals such as CPAs and attorneys, maintains a website (www.fpanet.org) and a speakers bureau, and produces a monthly newsletter.

Gordon owns his own financial planning firm, the Capital Advantage. He gained the knowledge that he uses every day by

working first as a life insurance agent and then as a securities sales agent. He also believes that much of what he has learned of the entire investment spectrum can be attributed to frequent lunches with a good friend who is a certified financial analyst and an investment guru. Networking is valuable in finance.

Owning his own business means long ten- and twelve-hour days for Gordon plus some work on weekends. With each new client, he goes through the following steps.

1. Help the client establish and define financial goals.
2. Draft balance sheet showing client's present financial status.
3. Develop one or two strategies to help the client reach his or her financial goals, which often includes recommendations on saving, investment allocation, insurance, and taxes.
4. Determine most advantageous plan with client.
5. Handle the necessary tasks (investments, wills, trusts, insurance) to implement the plan.
6. Keep records of discussions and all financial transactions.
7. Meet annually or more frequently with client to review financial status.

Career Advice. Gordon believes that everyone is responsible for his or her own destiny. As investment alternatives and strategies become more complex, many people look to financial planners for help in achieving their goals.

Professional Organizations

Several organizations offer financial planners advice on how to increase their business, increase their professional knowledge, and build contacts with other allied professionals. These organizations offer newsletters, magazines, seminars, professional development courses, and comprehensive insurance benefits for members. To gain membership in these organizations, it is essential to meet certain professional qualifications. Three organizations that will keep

you abreast of what is happening in this profession are the Institute of Certified Financial Planners (ICFP), the International Association for Registered Financial Planners (IARFC), and the National Association of Personal Financial Advisors (NAPFA).

Climbing the Career Ladder

Beginning financial planners at firms usually start with individual accounts and work toward handling very large institutional accounts. In some companies, the ability to generate high commissions can lead to positions as branch office managers and supervisors, but most planners advance by accumulating clients and managing more and more assets. A few financial planners advance to top management positions. Many elect to start their own businesses.

Because financial planners combine formal education with experience in one or more areas of finance—such as asset management, lending, credit operations, securities investments, or insurance risk and loss control—they can leave the profession to become budget officers, credit analysts, loan officers, insurance consultants, portfolio managers, pension consultants, real estate advisors, securities analysts, and underwriters.

Earnings for Financial Planners

How much you earn as a financial planner depends to a great degree on the type of firm you work for. Each company has its own pay structure. There are three common salary structures:

- **Base**—earn a set salary for a specified period of time
- **Base plus commission**—receive a base salary, but if you sell a product or receive a fee, anything over the amount of your base is split with the company
- **Commission only**—receive no compensation unless you sell a product or receive a fee

The average financial planner just starting out can expect to earn in the range of \$25,000 to \$33,000. This jumps quickly with experience. Depending on the ambition of the financial planner, annual compensation can range from \$50,000 to \$150,000 after only five years. Some financial institutions and companies offer benefits that include paid holidays and vacations, health and life insurance, and pension plans.

Many financial managers in private industry receive additional compensation in the form of bonuses, which may also vary substantially depending on the size of the firm. If you go into business for yourself, you can usually expect lower income your first few years until you have built up a strong client base. Once you have developed many clients and a solid reputation, your income limits are endless. Many certified financial planners earn upwards of \$300,000 annually.

Another Type of Financial Service: The Daily Money Manager

As people get older, physical infirmities can make it difficult for them to manage their money. Likewise, busy professionals may not have time to manage all their personal monetary affairs. Daily money managers can step in and help by providing personal business services. They do not replace professionals in accounting, investing, or social services, but they complement their work by making it easier to complete day-to-day financial tasks. According to the American Association of Daily Money Managers, some of the tasks that daily money managers handle include:

- paying bills
- balancing checkbooks
- making bank deposits
- organizing tax documents and other paperwork
- negotiating with creditors

Some, though not all, daily money managers also provide additional services, such as:

- notary services
- maintenance of home payroll records for use in preparation of tax reports
- transportation to and from appointments
- assistance with arrangements for moving
- acting as power-of-attorney or representative payee for Medicare
- preparation of payroll checks and related tax calculations for home employees

Career Qualifications

There is no uniform formal training for money managers. Nor is there any federal or state regulation of this profession. It is possible to start in this profession by receiving training as a volunteer daily money manager for a social services agency or as an employee at a firm specializing in financial services. Good bookkeeping skills are a prerequisite for success in this field. The American Association of Daily Money Managers promotes high standards of client services, and its members sign a code of ethics. The group also provides a list of members for those desiring daily money managing services.

A Feel-Good Money Job

Being a daily money manager for senior citizens not only lets Connie Aust use her considerable financial skills, it also gives her the satisfaction of knowing that she is helping many seniors remain independent. For the past thirteen years, she has been working at the Council on Aging Services for Seniors of Sonoma County, a nonprofit agency in Northern California that provides many services for seniors. Before becoming a daily money manager, she had the excellent preparation of working on the operations side of banking for nine years. Then, while pursuing a

bachelor's degree in social work, she was assigned an internship at the nonprofit where she was subsequently hired as a caseworker and daily money manager.

As the need for daily money management grew, it developed into a separate department at the agency. Today, Connie is the director of this department, which has two full-time money managers and a bookkeeper. As an administrator, she does the initial case visit to all clients referred to the department. However, Connie also spends 50 percent of her time working with clients as a daily money manager. Some of the clients only need occasional help, while others need long-term aid. It all depends on the complexity of their lives.

On the Job. Some clients come to Connie's office, while others require home visits. One of her clients is a teacher with failing vision who now needs her help up to three times a month. Each home visit lasts from one and one-half to two hours. During that time, Connie sorts the mail with the client, helps pay her bills, brings her books up-to-date, balances the checkbook, and writes payroll checks for the woman's caregivers.

Along with helping people with the financial aspects of their lives, Connie has taken a cat to a vet, helped a client buy a TV, and arranged for the repair of appliances. Her job is salaried, and the clients pay an hourly fee (if they can) to the agency.

Professional Advancement. In order to enhance her skills, Connie is currently taking a professional fiduciary management course to earn a certificate. She is also a member of the American Association of Daily Money Managers and strongly recommends this affiliation to those interested in this career.

An Independent Money Manager

Dreams of owning your own business can come true. It was not a short route for Thelma Jensen, but she now works out of her

home, spending about half of her time doing legal work and court filings for attorneys and the rest of the time doing daily money management and bookkeeping. It is not at all unusual for daily money managers to do other work, especially financial planning or bookkeeping.

Before deciding to become a daily money manager, Thelma spent years as a bookkeeper, was employed by an attorney and accountant, and worked at a senior day care center for the disabled. In addition, during this time she constantly updated her computer and business skills through classes and challenging job assignments. This was excellent preparation for becoming a daily money manager—a profession in which bookkeeping knowledge plays such an important role.

On the Job. Thelma typically visits her clients, who are primarily seniors, instead of having them come to her home office. Because she is mindful of the limited income so many of them have, she tries to keep her visits to a minimum of once a month and no longer than two hours a visit. Thelma charges an hourly fee, which varies with the work she has to do as well as the client's ability to pay. Most of her work with her clients is bookkeeping. However, she will soon receive her license as a tax preparer and will begin preparing income tax forms for some of her clients. Thelma gets most of her new clients through word-of-mouth referrals from satisfied clients, attorneys with whom she has worked, family members, and friends.

Career Advice. Thelma believes that one of the key factors in her success as a daily money manager lies in her prior experience in working with people with disabilities. She has learned to be both patient and understanding with them. Thelma also feels that you have to be very flexible to succeed in this job. And she wants to remind prospective daily money managers that this is not a nine-to-five job.

Earnings for Daily Money Managers

How much daily money managers earn depends on the wage scale where they live. Most charge an hourly rate and can expect to earn between \$25 and \$60 per hour. They also add charges for travel and long-distance phone calls for clients.

Future Opportunities Are Bright

Everyone is living longer, and the first baby-boomers are nearing retirement, causing concern about planning for retirement and long-term daily financial needs. In addition, the globalization of the securities market and the increased complexity of many financial products, including the rapid expansion of self-directed 401(k) plans, is making it far more difficult for the average individual to make sound financial choices. Furthermore, banks, insurance companies, and brokerage firms have been allowed by law to broaden their financial services, so many are adding investment advice to their list of offerings. All of these factors point to more jobs for financial planners as well as daily money managers.

More Career Information

For information on a career in financial planning, contact:

The Financial Planning Association
4100 East Mississippi Avenue, Suite 400
Denver, CO 80246
www.fpanet.org

National Association of Personal Financial Advisors
3250 North Arlington Heights Road, Suite 109
Arlington Heights, IL 60004
www.napfa.org

International Association of Registered Financial Advisors
P.O. Box 42506
Middletown, OH 45042
www.iarfc.org

For information on becoming a Certified Financial Planner (CFP), contact:

The Certified Financial Planner Board of Standards, Inc.
1670 Broadway, Suite 600
Denver, CO 80202
www.cfp.net

For more on the Chartered Financial Consultant (ChFC) designation, contact:

The American College
270 South Bryn Mawr Avenue
Bryn Mawr, PA 19010
www.amercoll.edu

For information about a career as a daily money manager (DMM), contact:

American Association of Daily Money Managers
P.O. Box 8857
Gaithersburg, MD 20898
www.aadmm.com

This page intentionally left blank.

Bank Tellers, Loan Officers, and Managers

Banks are always changing to meet customer needs. This is just as true now with Internet banking and ATMs sprouting up everywhere as it was more than four thousand years ago when the Babylonians were the first to meet people's needs to borrow and hold money. The Romans extended the services the first banks provided to include transferring accounts, making loans, and letting people write checks to withdraw funds. The word *bank* did not emerge until the Middle Ages, when it was used to describe the activities of Italian money changers who sat behind benches (*bancos*). As trade routes sprang up, banking systems began evolving in other countries. English traders stored their precious metals in the goldsmith's vaults, and in return the goldsmith gave them receipts for the gold and silver, which were more convenient to carry around. The goldsmiths began lending out the stored precious metals and paying interest to people who stored the metals in their vaults.

Banking in America

The early American colonists didn't use banks because bartering met their needs. The first banks to be set up in this country were land banks to provide loans to farmers, followed by banks to

provide cash for commerce. Unfortunately, the king of England closed all those colonial banks, and there wasn't a true American bank until the Bank of North America in Philadelphia was chartered by the Continental Congress. By the time of the Civil War, banks really had only two main functions—making loans and accepting deposits—which they are still doing today. In fact, most banking was done on a cash basis until checking accounts became popular in the late 1870s. Then banks began to offer other services, such as personal and short-term loans.

Today, banks provide a wide range of services to both businesses and individuals: drive-through windows, automatic teller machines (ATMs), credit cards, traveler's checks, portfolio management, special savings accounts, financing, online banking, direct deposits, bill paying, investment and insurance products, and even banking centers in grocery stores. Banking has become a very competitive business in which banks compete for customers by the services they offer, including friendly, pleasant, and efficient help. New innovations are constantly springing up in the ongoing quest to capture more customers.

A Look at Where the Jobs Are

If you are a money mover, then a job at a bank could be perfect for you because money is the business of banks. You could work in a community bank that concentrates on serving local residents and businesses, a regional bank with branches throughout a multistate area, a global bank involved in international lending and foreign currency trading as well as more typical bank services, an online bank, or a credit union or savings and loan association that performs many of the same functions as banks. There are both small and large savings and loan associations, which primarily use their deposited funds for residential loans. Credit unions, which also vary in size, are made up of members who use their savings to make low-cost loans to each other.

Bankers in Many Workplaces

Bankers once worked only in formal bank buildings. Today, you can find them working outside traditional bank settings in places like shopping malls, grocery stores, and mobile trailers. Bankers generally work during the day, Monday through Friday; however, some evening and weekend work may be required. As long as banks are open, there will be bankers on duty, and the trend is for banks to stay open longer hours and on Saturdays, especially those in nontraditional settings. To improve services, there are now centralized phone centers staffed mainly by customer service representatives. Administrative support employees may work in large processing facilities.

.....

Bank Tellers

When you think of a bank job, you may first think of being a teller, which is appropriate as this is the largest individual occupation in banking. To be a successful teller, you need to be a high school graduate and have certain skills. As you might expect, you need to be a detail-oriented person. You also should have good math skills, and banks prefer you to have had course work in accounting, bookkeeping, economics, computers, and public speaking. Because you will be dealing with the public, it is essential that you be a courteous, attentive, and patient individual. And of course, you need to feel comfortable handling large amounts of cash. In some areas, an ability to speak a second language is definitely a plus.

Starting as a Teller

Several years ago, Betty Pachciarz became a teller. She attended a two-week training class; however, today new tellers at her bank learn their job responsibilities through a ten-day computer program that they complete at their own pace. In addition to handling her job as a full-service teller, Betty now provides on-the-job

training to new tellers after they have completed the computer training program. Her regular duties include cashing checks, taking deposits, issuing cashier checks and money orders, and answering customers' questions about their accounts. She also accepts payment for customers' utility bills, keeps records, and completes the necessary paperwork for customer loans. In addition, she processes certificates of deposit and money market accounts and sells traveler's checks.

Betty, like all tellers, must be very precise in her work. Before she can cash a check, she verifies the date, bank names, and identity of the person to receive payment. She also confirms that the document is legal tender, that written and numerical amounts agree, and that the account has sufficient funds to cover the check. Only then does Betty count out the cash—carefully, to avoid errors. Sometimes a customer withdraws money in the form of a cashier's check, which she prepares and verifies. When accepting a deposit, she always checks the accuracy of the deposit slip before processing the transaction.

In some banks, tellers still type or write out deposit receipts and passbook entries by hand. In most banks, however, tellers use computer terminals to record deposits and withdrawals. Some banks use very sophisticated computer systems that give tellers quick access to detailed information on customer accounts. Tellers may use this information to tailor their services to fit customers' needs or recommend appropriate bank products or services.

On the Job with a Teller. Betty's duties start before the bank opens and end after the bank closes if she is working a full day (many of the tellers work part-time). She begins by receiving and counting the working cash for her drawer; this amount is verified by a supervisor, usually the head teller. She uses this cash for payments during the day and is responsible for its safe and accurate handling. At the end of the day, Betty counts the cash on hand, lists the currency-received tickets on a balance sheet, and balances the day's accounts. She also sorts checks and deposit slips.

Betty enjoys working with the bank's customers, even though it can be difficult to deal with some of them. Because banks are offering more and increasingly complex financial services, most bank tellers, like Betty, are being trained to act as customer service representatives in addition to their other duties. Betty finds that she no longer just handles people's immediate needs but now must also be an avid salesperson, promoting additional bank products and services.

Career Path. Advancement opportunities are good for well-trained, motivated tellers. They can advance to positions such as head teller, customer service representative, or new accounts clerk. At Betty's bank there are three levels of tellers. A full-service teller can move up the ladder to become a vault teller, which involves keeping track of all the money that comes in and out of the branch. A step higher is the new accounts clerk, who opens new accounts, works with certificates of deposits (CDs) and individual retirement accounts (IRAs), and sets up trusts and loan payment schedules.

Outstanding tellers who have had some college or specialized training offered by the banking industry may be promoted to a managerial position. Banks encourage this upward mobility by providing access to education and other sources of additional training. Through the American Institute of Banking, an educational affiliate of the American Bankers Association, tellers can participate in numerous study groups and take correspondence courses. In addition, many banks refund college tuition fees to their employees upon successful completion of courses.

Employment Opportunities for Tellers

Bank tellers hold more than half a million jobs today; however, more than one-fourth of them work part-time. If you are seriously considering a career as a teller, opportunities for employment should be good if you have the necessary qualifications, even though employment in this field is expected to decline for a

variety of reasons. First, as more banks consolidate, there are fewer banks, and many branches are closing. Second, new technology—especially computerized online banking—is also decreasing the demand for tellers. Some banks have introduced branches that consist entirely of ATMs and kiosks, further reducing the need for tellers. There are also banks at which many services once done by tellers are now handled via computer or telephone. Third, banks are opening branches inside supermarkets, department stores, and malls that are staffed by more highly trained customer service representatives who can perform the standard duties of tellers and also open new accounts and arrange for customers to receive other services or products sold by the bank.

Job openings will arise from the need to replace tellers who transfer to other occupations or stop working. Turnover is high because the pay is low and little formal education is required. Banks, on the other hand, are having problems finding tellers because the duties of these workers have become more complex.

Earnings for Tellers

Starting wages for bank tellers are slightly more than \$9 an hour. Many banks, however, now offer incentives that allow tellers to earn supplemental rewards for persuading customers to use other financial products and services offered by the bank. In general, tellers who have a greater range of responsibilities are receiving the higher salaries. Experience, length of service, and especially the location and size of the bank also are important in determining earnings. Part-time tellers do not always have benefits, but they may receive higher hourly earnings in place of the benefits.

More Banking Positions

Two out of every three bank employees are involved in office and administrative support jobs, giving financial mavens many career choices. Here is a closer look at these job groups.

- **New accounts clerks and customer service representatives** answer questions from customers and help them open and close out accounts and fill out forms to apply for banking services. These employees must be knowledgeable about a broad array of bank services and must be able to sell those services to potential clients.
- **Loan and credit clerks** assemble and prepare paperwork, process applications, and complete the documentation after a loan or line of credit has been approved. They also verify loan applications for completeness.
- **Bill and account collectors** collect payments on overdue loans.
- **General office clerks and bookkeeping, accounting, and auditing clerks** have the task of maintaining financial records, entering data, and processing thousands of deposit slips, checks, and other documents.
- **Secretaries, data-entry keyers, receptionists, and administrative support workers** are also employed by banks.

Branch Services Representative

Isidra Collins is a branch services representative at a small neighborhood bank. In her bank, this job carries the same responsibilities that assistant managers typically have. Isidra handles a little bit of everything, as she must be able to run the branch in the absence of the branch manager. She deals with problems in customer services, opens new accounts, balances the bank funds, oversees the tellers in the absence of the manager, and runs a teller's window when her branch is short of help. Isidra works from 8:30 A.M. to 5:30 P.M. Monday through Friday. When she works on Saturday, she gets a day off during the week. She also has an hour break for lunch.

Career Path. Isidra began her career in banking as a part-time teller in a neighborhood branch of a large Ohio bank. She got the

job because she passed the bank's math test and had demonstrated her ability to handle money through a previous job as a grocery store cashier. When her husband was transferred to another state, she took a job as a drive-through window teller at a local bank. Within a few months, another position opened up and she was able to start moving up the teller ladder toward her present position. Isidra attributes the promotion to taking classes in customer services and learning how to open new accounts.

Job Skills. In her present position as branch services representative, Isidra relies on her good communication skills and knowledge of all the products available at the bank. She has the know-how to run the branch efficiently, and she has the maturity and tact to deal with difficult customers. While on the job, Isidra often moves quickly from one task to another, frequently interrupting her tasks to attend to the needs of a customer. With so many things to do, Isidra depends on solid organizational skills to prioritize her tasks. Every day on the job, she faces the challenge of keeping customers happy and earning their loyalty to this branch bank.

.....

Bank Management

Bank officers carry out their board of directors' policies on a daily basis and make their decisions in accordance with these policies and federal and state laws and regulations. The larger a bank is, the larger its management team and the more services it offers, from dealing with foreign currency to handling payroll deposits. The officers you will find in all but the smallest banks include:

- **Loan officers**, who evaluate the credit and collateral of people and businesses applying for loans
- **Trust officers**, who administer estates and trusts, manage property, invest funds for clients, and provide financial counseling

- **Operations officers**, who plan and coordinate procedures and systems
- **Cashiers**, who are responsible for all bank property
- **Branch managers**, who have responsibility for bank operations

Other bank officers in large banks handle auditing, personnel administration, public relations, employee benefits, credit, branch administration, marketing, international banking, Internet and electronic banking, and research. In the giant banks that have been formed in recent mergers, you will find not just one officer, but hundreds in a department.

Do you think that you have the necessary skills to become a bank officer? Take this quiz to find out.

- Are you willing to earn an M.B.A. degree?
- Do you have analytical skills?
- Do you have detailed knowledge of the banking industry?
- Do you have detailed knowledge of the industries allied to banking?
- Are you willing to gain certification in specialized fields to exhibit your competency?
- Are you willing to keep abreast of new bank products and technology?
- Do you know the latest financial analysis methods?
- Do you possess solid management techniques?

If you feel that you possess most of these skills, then a career as a bank officer may be the right goal for you.

Earnings

Banking is not known for its high salaries even in management positions. In general, the more responsibility that you have, the more you will earn. Experience, length of service, and especially the location and size of the bank are also important. Upper-level

managers, such as chief operating officers, chief financial officers, and chief technology officers, in major financial centers can start in excess of \$300,000 and earn more than \$500,000 with the addition of large bonuses. However, the average salary for a branch manager is less than \$60,000 a year.

A Young Banker Starting in Management

Matt Zigler had been out of school for less than a year when he became an assistant manager at a branch of a large bank. He began his banking career as a retail associate—a manager in training—after graduating from college with a bachelor’s degree in economics and music. Matt began by training as a teller and was then given the opportunity to work in all the different departments of the bank, including mortgage, operations, private banking, collections, and securities. He also had the opportunity to go out to several branches and work one-on-one with the managers and tellers and learn their duties and how to process transactions. The training period gave Matt an overview of how each bank department runs. Furthermore, he had the opportunity to make contacts in each department. As assistant manager, Matt’s responsibilities include:

- operating the branch
- ordering cash
- receiving shipments of cash
- making sure the tellers balance their accounts daily
- balancing the vault daily
- changing the security videos every week
- auditing the whole banking center
- taking care of collections items
- reporting all outages (when tellers’ accounts don’t balance)
- scheduling three tellers
- overseeing the tellers
- opening all new accounts
- checking savings, trusts, and IRA accounts

- processing loans
- taking care of problems with angry customers
- meeting goals, which includes opening a certain number of new accounts

Reflections on His Career. Even though his job requires fifty-to sixty-hour workweeks, Matt is very pleased that he is already in a management position. In the future, he would like to become a branch manager. A lot of people working for banks today are young, like Matt. He believes that you have an opportunity to move up faster in a small bank and likes knowing everyone in the bank. And Matt has definitely discovered that his job is not monotonous. Something new and different is always happening. He has found the amount of information he is expected to know to be mind-boggling. Matt only had five weeks of training, yet his customers expect him to know everything about banking. He feels challenged by this steep learning curve and at times overwhelmed by it. The one avenue of banking that surprised Matt was the heavy emphasis on sales. He is constantly required to push loans, get new accounts, and promote products and services that the customers do not currently have. One problem area that bothers Matt is the constant turnover of tellers. He just gets a teller trained to the level where he or she can work well independently and then the teller leaves so he has to start all over again training a new teller.

Career Advice. If you are considering becoming a branch manager, Matt recommends taking public speaking and writing courses because communication is so important in this career. Also, he believes that you should be flexible and have good people skills and a solid code of ethics.

A Banking Center Manager and Loan Officer

Matt Broughton works in a grocery store; however, he is not stocking the shelves or ringing up your purchases. Instead, he is walking

up and down the aisles trying to get new customers into his bankmart (a bank housed inside a grocery store). He is one of two managers who keep this bank open seven days a week starting as early as 9:00 A.M. on Saturdays and not closing until 8:00 P.M. during the week. One of the managers must always be at the bank, so if one is on vacation, the other may work a ten-hour day. Usually, the two managers' schedules overlap between 2:00 P.M. and 4:00 P.M. so they have time to talk. Both managers report to a regional officer who is in charge of eleven bankmarts.

As manager, Matt is in charge of the profitability of his banking center, which means he must meet certain goals for bringing in new customers. He also wears two hats when he acts as loan officer. Not only does he investigate loan applicants, he also approves them for loans. Matt has to really know the loan applicants because if they fail to repay, the loan is charged against his profits. Matt always makes an extremely careful investigation of applicants. He determines whether they live close to the bank, what their lifestyles are, how long they have lived in their homes, and whether they have bad credit ratings and, if so, why.

Career Path. Matt started in banking immediately after graduating from college. The fact that this is his first job illustrates that there are excellent opportunities in banking for young people. When he was halfway through college, he decided that he wanted a career in finance and secured three internships in this area. The first was at a large bank where he was able to spend a few days in each area, which really gave him a good feel for banking. Next, he worked with an independent financial broker. His last internship was with a large insurance company where he worked an entire summer. Matt was hired individually by different agents, and his job was to do what they wanted, whether it was to send mailers, work on a portfolio, fold letters, or talk to a customer. Although he felt that for the most part he was really doing grunt work, the internship exposed him to the selling of financial products.

Matt plans to return to school in three or four years to get his M.B.A. His bank will reimburse him for the cost; however, he will have to work a few additional years at the bank after receiving this degree.

Career Advice. Matt feels that you need to have good time management and organizational skills to be a bank manager. He also says that you shouldn't expect to use the academic skills you learned in economic theory class when you are just starting out.

Chief Executive Officer at a Small Bank

While growing up on a farm, Tom McCartan really never thought about a career in banking. His father, however, taught him the importance of working hard and being good at what you do. This gave Tom the drive to be the best he could be. After a stint in the army, he graduated from college with a degree in finance and accounting. Tom then talked to the president of a small agricultural bank back in his hometown and got a job as an officer trainee. He attributes most of what he knows about banking to the knowledge he gained from watching upper management and the training he received at the bank. Also, since Tom grew up on a farm, he did have the advantage of understanding the farming business. This is extremely important since more than 70 percent of the business at this bank is with agriculture.

After Tom had worked at the bank only a few years, the president who had hired him left. This put the bank into a bind. Tom and a former bank employee decided to buy the bank. He became vice president and some years later chief executive officer (CEO).

On the Job as CEO. As the owner of the bank, Tom says that every day is interesting and new. He is never sure what to expect. Tom starts his workday with a staff meeting, which allows him to see the updates on any loans or investments. His next step is to go through the mail and take care of any important issues that may

have come up. Depending on the customers' needs that day, Tom may spend some time talking with them, explaining how many of the bank's services could help their individual situations. Other important tasks that Tom is responsible for include trying to get new loan applications, talking to borrowers, closing bad loans, reviewing credit files, getting new cash flows for loans, taking care of trustee assets, and updating all bank files.

Tom really likes the interaction that he has with his customers. Since the bank is a smaller bank that closely fits the needs of the farming industry, he has the opportunity to really get to know and work with his customers. During slower times of the year, Tom goes out of the bank with a few of his staff members to interact with customers. In the summer, it is not unusual to see him up on a tractor talking with one of his clients. Another technique that Tom has used to keep everyone at the bank in touch with customers and potential customers is establishing clubs and organizations that put on seminars. These seminars provide information regarding long-term care insurance and other important issues that his customers may need. The bank also puts on a Pork Fest every year for the town.

Tom enjoys being able to take part in all aspects of the banking industry. He points out that in large banks an employee will become proficient in one area, while in a small bank, everyone gets the opportunity to perform all the tasks. Not only does this keep them up-to-date on what is going on, it also gives them a wide skill base.

Career Advice. Once you have a good job, Tom urges you to continue to set goals. He feels that it is important to have something to strive for.

Vice President of Operations

John Dee is the vice president of operations at the thirty-fifth-largest bank in America. He is in charge of retail banking, banking offices, consumer lending, and anything to do with consumers or

small businesses. He feels as if he is on the job twenty-four hours a day and can never totally separate home and work. When he is away from the office at church or an event, he is always aware of potential opportunities to promote the bank. On the job, technology plays a very significant role as a tool that can be used in cost management and cost reduction. It also lets his bank bring new products to the market quickly, which is the key to customer service. Today's bank customers want information, and they want it quickly. John believes that technology is the answer in providing customer service. When the economy is strong, one of the greatest challenges in John's job is being able to attract and keep good employees. While in the past it was sufficient for job candidates to have good people skills, now they must have sales and promotional skills to be effective in bank management jobs.

Skills and Experiences. Not only does John have an M.B.A. in finance, he also has a Ph.D. in finance. While it is not necessary to have a doctorate, the knowledge that he gained in earning this degree has been very helpful in the business arena. John began his climb to the top by working in the steel mills. Then he became a professor at a university and the chief economist for a bank. His resume also includes owning an investment advisory company, managing mutual funds, and serving as the president of a savings and loan association. If you wish to hold a high-level management position as John does, it is essential to build an impressive resume.

Pluses and Minuses. John likes that his company does not just tell the officers what to do but also provides the support to tell them how to do it with ongoing classes taught throughout the region. He is delighted to be working in central Indiana, which has a solid economy. Furthermore, he enjoys the special partnership he has with the headquarters of the bank. John believes that he gets a lot of support and truly enjoys working with the wonderful people at his bank. For him, it is a real pleasure to come to work each day. On the negative side, John dislikes the overload of

information—so much e-mail and so many phone calls and letters. Sometime he finds himself overwhelmed trying to keep up with the flow of information.

Career Advice. John feels that the only constant is change and that future bank managers must be flexible and adapt to change. He advises you to give 110 percent in your work because it will pay off. John also wants you to have a great attitude, the ability to focus and prioritize, good people skills, and the ability to motivate and lead people.

Bank Loan Officers

Being a loan officer is an important position at a bank, for it is loans that are the major source of income for banks. Loan officers typically specialize in one of three fields: commercial, consumer, or mortgage loans. If you want to borrow money to buy a car, you would deal with a consumer loan officer. In order to purchase a home, it would be a mortgage loan officer. Businesses work with commercial loan officers.

Loan officers meet with customers and gather basic information about the loan request. Frequently, they help the prospective borrower fill out the loan forms. Once the forms are complete, the loan officer begins to process them. After checking the application for completeness and accuracy, the loan officer requests a credit check from one or more major credit-reporting agencies. All of this information is put into the loan file and compared to the requirements that the bank has established for granting loans. At this point, the loan officer, in consultation with his or her manager, decides whether or not to grant the loan.

Loan officers usually carry heavy caseloads and sometimes cannot accept new clients until they complete current cases. They are especially busy when interest rates are low, resulting in a surge in loan applications. As a loan officer, you would usually work in an office; however, mortgage loan officers frequently move from

bank to bank and may even visit clients in their homes. Commercial loan officers at large banks often travel to prepare complex loan agreements.

Job Qualifications for Loan Officers

You will almost always need to be a college graduate in order to become a loan officer; however, some tellers and customer service representatives do advance to this position. Because you will be dealing with the public, you should be able to establish good relationships with people. It's also important to be a gregarious person who enjoys contact with people, for you will be attending community events as a representative of your bank. If you want to become a mortgage loan officer, sales training and experience are important. It is also important for all loan officers to be familiar with computers and their applications in banking. Your background for this position needs to include mathematical skills and good oral and written communications skills.

Employment Opportunities

There are more than two hundred thousand loan officers in the United States. They don't just work at banks but also at savings and loan associations and credit unions. Others are employed by nonbank financial institutions, such as mortgage brokerage firms and personal credit firms. Jobs as loan officers are usually found in urban areas where large banks and other financial institutions are concentrated.

Capable loan officers may advance to larger branches of the firm or to a managerial position, while less capable loan officers and those with inadequate academic preparation may be assigned to smaller branches and find promotion difficult. Advancement from a loan officer position usually includes becoming a supervisor of other loan officers and clerical staff. Your chances of advancement are enhanced if you become a Certified Lender in Business Banking. This certification is earned through courses offered by the American Institute of Banking.

A Look at the Future

Banks have changed greatly in the past fifteen years. Mergers and acquisitions have led to the establishment of giant banking firms. This has resulted in the closing of many branch banks when services were duplicated in a community, as well as serious staff reductions at the headquarters of the consolidated banks. Not only has the number of tellers been affected, so has the number of individuals in management, especially top management.

The employment picture, however, is not entirely bleak. The pace of bank mergers and acquisitions has slowed. At the same time, a number of small community banks that stress customer service have emerged. New branch banks are being opened in areas with population growth, although fewer employees will be needed to staff these new community banks and branches because of increased automation.

One employment growth area is that of customer service representatives, who are needed to staff phone centers and sell banking products to branch customers. Since banks can now sell a variety of financial and insurance products, the need for securities and financial services sales representatives, financial analysts, and personal advisors will increase because these people are needed to develop, analyze, and sell the new services. There is also a demand for “personal bankers” to help wealthy clients and baby boomers manage their assets.

The one thing that has and will continue to have the most significant effect on employment in banking is the increasing use of technology. It has greatly increased the need for computer specialists and, at the same time, reduced the need for tellers and office and administrative support personnel.

Banking has become a very competitive industry. Career opportunities, however, are especially good for those who have computer skills that can put banks online and personalities that will shine in the marketing and sales of new bank products.

Venture Capitalists and Investment Bankers

You have a bright idea about building a revolutionary new bicycle frame that is just one piece. You show it to several bicycle manufacturers, and they think that you have a hot product. The problem: you simply don't have the money to start making frames in any quantity.

Here's another scenario. You have started a restaurant that features a brand new concept—food cooked under rocks. People are flocking to your restaurant to get this unusual fare. You want to launch similar restaurants in several other locations. The problem: you don't have the money to expand into new areas.

Traditional banks are rarely enthusiastic about loaning money to fledgling businesses, but venture capitalists are often willing to provide start-ups or promising new companies with money in exchange for a share of the company.

Perhaps instead of a new company, you own a huge, well-established food company that needs millions of dollars to buy a very large bakery that will let you expand the line of products that your company carries. Or your company may need to build a warehouse to serve as a modern distribution center for your food products.

Again, you need very large sums of money. In either case, you may go to an investment bank that will help you establish a strategy for getting the money you need and serve as an

intermediary in getting the money for you. Also, when a fledgling company wants to raise money by selling shares to the public, it is an investment bank that arranges for the sale, either alone or in conjunction with other firms.

It is venture capitalists and investment bankers who help businesses raise the money they need. This challenging, dynamic profession requires bright people with abundant energy to handle the fast pace of careers in this area. They are great jobs for financial mavens who want to be involved in discovering and financing the next Microsoft.

A Closer Look at Venture Capitalism

Very wealthy individuals, corporations, pension funds, and college endowments are just some of the investors in venture capital firms. They provide this money knowing that there is a high risk that a new business venture will not succeed. Most don't. What causes them to make these risky investments is knowing the high return that will be earned if a business succeeds. Venture capitalism is a high-risk, high-rewards business.

Venture capitalists don't just invest in companies that are starting up; they also invest in companies that are developing a product, starting to sell a product but earning little income, rapidly expanding, or getting ready to sell shares to the public. The way that venture capital firms make money is by selling their shares in a company after it has gone public for more money than they invested in the company.

Having a promising idea or a solid young business is no guarantee that a company or individual will receive any of the billions of dollars invested by venture capital firms each year. To get the money they need to finance their ideas, the companies must demonstrate to the venture capitalists that they have an outstanding product and a solid business plan. Venture capitalists usually sit on the company's board of directors, providing valuable business expertise in addition to financial backing.

Where the Jobs Are

The number one location of venture capital firms in the early and midnineties was in the Silicon Valley in Northern California and in San Francisco. These firms fueled a revolution in technology. They helped such industry giants as Apple Computer, Silicon Graphics, Intel, Netscape, and Genentech get started.

After Internet and computer technology companies imploded in the late nineties, there was a greater dispersion of venture capital funds. If you don't want to work on the West Coast, Boston is the spot to be on the East Coast, closely followed by New York. You will also find a sizable number of venture capital firms in Los Angeles, Philadelphia, and Chicago. Include in your job search states like Minnesota, Texas, Utah, Washington, and Colorado, where entrepreneurial growth is high.

Venture capital firms are not the only groups investing money in companies for a share of the company. You could find a job in venture capitalism at investment bank affiliates, insurance companies, pension funds, universities, and venture divisions of corporations and banks. Because the venture capital field is very small, there are not a great number of jobs.

The Background You Need

In order to get a job in venture capitalism, you must demonstrate that you are a bright, articulate person with the potential to recognize which start-up firms will be successful and to develop skills so that you can serve as an advisor to help young businesses succeed. If you are to climb the career ladder, you will almost certainly need an M.B.A. degree. It will also be helpful if you have experience in an industry.

The entry-level job in venture capitalism is typically as an analyst. The next step is associate, and then you may become a junior partner. When venture capitalists reach the top rungs of their firms, many leave to start their own firms.

Study the following ads to learn more about what your responsibilities would be and what skills companies are seeking.

ANALYST

Our firm has been helping early-stage health care companies on the road to success since the 1980s. We focus on medical devices, health care services, and health care information technology, investing from \$1 million to \$10 million in funding in different stages of financing. The primary responsibilities of the analyst will be to analyze business plans, perform industry and competitive analysis, and work with portfolio companies across functional areas. Analyst candidates should be pre-M.B.A. and have two to three years of management consulting, investment banking, or relevant health care experience. You need to have the ability to work effectively in a fast-paced, rapidly changing environment with minimal supervision. We are seeking an analyst with exceptional communication, analytical, and problem-solving skills.

ASSOCIATE

The subsidiary of a major bank holding company seeks associates to join its venture capital group. The company expects to invest \$500 million in the next few years.

Associates will be responsible for analyzing business plans and transactions. Activities will include creating detailed financial models, analysis of comparable companies and transactions, participation in due diligence, and meeting with management, customers, suppliers, and industry experts.

Qualified candidates will have a high level of academic achievement, and a strong work ethic is required. Superior writing skills and familiarity with accounting terminology and database programs are preferred. The ideal candidate should have at least three years' experience in investment banking, merchant banking, consulting, or venture capital.

Investment Banks

Investment banks act as liaisons between large companies that need money and investors that have money. They help the companies get money quickly and efficiently. Investment banks purchase securities such as stocks and bonds from companies and then resell these securities in smaller quantities to investors. Many of these banks also have mergers and acquisitions departments that act as brokers in the buying and selling of companies or parts of companies. They package the company and suggest a sale price if they represent the seller and analyze a company and determine if it is being sold at a fair price if they represent the buyer. If you elect to work at an investment bank, you will be working with millions of dollars every day. This is probably the dream job for all true financial mavens, for no other position will give you such fast exposure to the world of business and finance.

New York Is the Place

Although you could work in an investment bank in Milwaukee, Los Angeles, or Boston, the largest and most prestigious investment banks are headquartered in New York City, and most large investment banks at least have an office there.

A Look at the Career Path and Earnings for Investment Bankers

Investment banks have a very organized path for advancing up the career ladder. Typically, you begin as an analyst. You will need to be a college graduate with an excellent grade point average and impressive work record and/or extracurricular activities. Investment banks pay well, with analysts at major firms in New York City starting as high as \$55,000 annually, with the potential for substantial bonuses. Salaries are usually bumped up \$10,000 each year. Analysts typically work for two or three years, then attend business school to earn M.B.A. degrees. The next rung up the ladder is associate. Most associates are hired after completing their

M.B.A. degrees; however, a few become associates after working as analysts. Starting associates can expect to earn as much as \$85,000 a year and will also earn excellent bonuses. Their salaries increase by about \$5,000 a year. After working as an associate for at least three years, the next career step is vice president. Some vice presidents go on to managing director positions; others elect to take different jobs in the business world.

Working as an Analyst at a Major Investment Bank

With qualifications that included membership in Phi Beta Kappa and leadership roles in college extracurricular activities, Maude Clinton was able to land a position as an analyst at a prestigious investment bank. After just a month of training, she jumped enthusiastically into her job in corporate finance. This department manages securities offerings for large corporations that want to sell stock or bonds to investors to get more capital for some reason, such as building a new plant. When companies seek financing, they go to several investment companies and invite one or more to compete for the job of raising the money they need.

Maude's primary job was working on the preparation of pitch books that outlined how and where the investment bank would get money for a company and why it should be chosen for the deal. These books were used at meetings that senior members of her team had with the companies seeking money. At first, Maude's job was very simple; she checked that all the details in the pitch book were correct. This included such basic tasks as making sure that all the tabs and pages were in place. Although many of the tasks were mindless, she was learning a great deal about finance as she found out why different items were placed in the book.

After a year, her responsibilities increased. She began to write the first draft of a pitch book. Maude had learned so much about raising money that she was able to make contributions when her team met to discuss a client company.

A Fast-Paced Job. Maude worked from early in the morning until late at night on this job. Her days were packed with activity as she was always working on more than one pitch book at a time. Sometimes she even had to work all night to help get a pitch book completed. And it was very common for her to work on weekends. Analysts at investment banks often work eighty-hour weeks. After three years as an analyst, Maude left the investment bank to earn her M.B.A.

The Team Approach. At investment banks, people typically work in teams comprised of a vice president, associate, and one or more analysts. Being an associate in corporate finance is basically a four-year apprenticeship in learning how to run a deal. By the time you are a senior associate, you should almost be running deals, which is the ultimate responsibility of the vice president.

.....

A Look at Opportunities

When the economy is robust, there is a demand for entry-level people in both venture capital and investment bank firms. However, when the economy is just limping along, venture capital firms and departments do very little new hiring and often reduce their staffs. Then their work revolves primarily around servicing existing funds. It is the same story with investment banks, where bad economic times bring layoffs at all levels.

This page intentionally left blank.

Bookkeepers, Controllers, and Treasurers

From the smallest firm with one employee to the largest conglomerate with thousands of employees, the need for one or more financial mavens to handle some aspect of the firm's money is inescapable. Manufacturers, stores, hospitals, insurance companies, airlines, publishers, hotels, and restaurants—all have a great variety of jobs for money movers. Even small firms may need bookkeepers or financial clerks to handle payroll, pay bills, and keep the books.

Treasurers, controllers, credit managers, and cash managers are needed to prepare the financial reports required by larger businesses to conduct their operations and to ensure that tax and regulatory requirements have been met. Money movers are also needed to oversee the flow of cash and financial instruments, monitor the extension of credit, assess the risk of transactions, raise capital, analyze investments, develop information to assess the present and future financial status of companies, and communicate with stockholders and other investors.

Financial mavens can also find jobs at nonprofit organizations, overseeing such activities as fund-raising, record keeping, financial reporting, investing, and disbursements. In this chapter, we will concentrate on describing jobs in the business arena; many of the same jobs exist in foundations, schools, nonprofit organizations, and charitable entities.

Financial Jobs at Very Small Businesses

The store on the corner, the neighborhood restaurant or cleaners, the auto repair shop, and self-employed architects are all examples of small businesses in which the owner does most of the financial work. An outside bookkeeper may be employed to handle the records and possibly the taxes. When the number of employees increases beyond three or four, an outside payroll service is frequently used to complete the required forms, filings, and reports.

As a small business grows, the first person to be hired to do financial and other work is an office manager who assumes the bookkeeping function and may also do the payroll. The owner, however, will keep his or her hand on the financial pulse of the business by signing all the checks, which lets the owner see where the money is being spent.

The first true financial professional to join the staff of a small business is typically a bookkeeper. Unlike an office manager who has other responsibilities, the bookkeeper works full-time on financial matters such as paying bills, collecting from customers, doing the billing, keeping the books, and possibly handling the payroll. If the business is large enough, an accounting clerk will be hired to help with the postings and run reports.

A Bookkeeper's Many Job Options

Before Thelma Jensen, who was described in Chapter 6, became a daily money manager, she worked for many years as a bookkeeper. She prepared herself for this job right out of high school by going to a business college and taking a course focused on bookkeeping. During this time, she was also gaining additional financial experience by typing tax forms during the busy tax season for her mother's employers.

Thelma's first job as a bookkeeper was for an electrical company, where she did very basic work: making entries, handling deposits, and paying bills. Because this firm couldn't afford to pay her much, she moved to an entry-level job with a plumbing

contractor. Over the years, she worked her way up at this firm to become the office manager. Thelma was still doing bookkeeping as office manager, but her responsibilities had increased to include job costing and billing. She had become what is known as a full-charge bookkeeper, able to handle more than routine bookkeeping tasks. Thelma, like most bookkeepers, kept up with changes in tax laws that affected how she did her work, often receiving instructions from the firm's accountant.

For several years, Thelma stopped working as a bookkeeper to care for an ailing relative. When her mother retired, she took over her mother's job with an accountant and an attorney. This was a terrific position because there was so much diversity. Thelma kept track of many trusts, prepared financial statements, did basic income tax work, and handled legal typing as well as routine bookkeeping. And all of this was possible because Thelma had a bookkeeping background and was able to learn new skills quickly. When the firm closed, she started her own bookkeeping business out of her home and also became a tax preparer and daily money manager.

Training, Certification, and Advancement of Bookkeepers

Like most other occupations in the world of financial mavens, increasing emphasis is being placed on education for bookkeepers. Some firms now require an associate's degree in bookkeeping or accounting. It is also becoming beneficial for bookkeepers, especially those handling record keeping, to become certified. This assures employers that they have the requisite skills and knowledge to handle all bookkeeping and accounting functions up through the adjusted trial balance. The certified bookkeeper designation of the American Institute of Professional Bookkeepers requires at least two years of bookkeeping experience, successful completion of three tests, and adherence to a code of ethics.

Many individuals take bookkeeping positions with the hope of getting promoted to professional and managerial positions.

Some companies have a set plan of advancement from entry-level jobs into managerial positions.

Earnings

The income of bookkeepers can vary significantly depending on the location and the size of the company. Level of experience also affects income. The average income for full-time salaried bookkeepers is more than \$12 an hour. Bookkeepers who are self-employed can expect to earn from \$30 to \$65 per hour.

Jobs for Money Movers at Medium-Size Businesses

When companies begin to have sufficient business activity, the people working on the money side start to specialize, and financial departments such as accounts payable, accounts receivable, billing, cost accounting, and general accounting begin to emerge. The person in charge of the entire financial function has the title of controller, treasurer, or vice president of finance, and accountants are at the head of each department. The major financial workforce is made up of clerks. These entry-level positions require only a high school diploma and a facility for numbers. More and more, however, it is becoming necessary to add computer know-how to the required skills list as companies continue to computerize their financial records. Receipts, bills, and other documents are being entered into computers to be stored electronically, as computer printouts, or both. Manual posting to ledgers is rapidly becoming a thing of the past.

Billing and Other Accounting Clerks

Billing clerks keep the records and calculate the charges made for goods or services. In accounting and law firms, these clerks calculate client fees based on the actual time required to perform the task. It is their job to keep track of the accumulated hours and

dollar amounts to charge for each job, the type of job performed for a customer, and the percentage of work completed. In hospitals, they have the task of calculating the charges for a patient's stay. At trucking companies, they use rate books to compute shipping charges. Once they have computed the charges, they prepare itemized statements, bills, or invoices depending on the needs of the company.

The duties of other accounting clerks are also reflected in their titles. Accounts payable clerks are involved in paying bills, while accounts receivable clerks handle customer payments and keep records of what is owed to the firm. Cost accounting clerks determine the cost of what the firm produces, while general accounting clerks handle bookkeeping, reports, and all other basic accounting responsibilities.

Salaries

The salaries of financial clerks working in accounting positions are very similar to those of bookkeepers. They vary considerably depending on the firm and area of the country. Average salaries are approximately \$24,000 a year.

Controller at a Travel Firm

As controller, Jim Leung does the financial work at a small but rapidly growing travel firm. He is responsible for:

- managing all financial reporting and accounting systems
- overseeing daily cash management of company operations
- analyzing monthly corporate statements, cash flows, and balance sheets to implement necessary changes to company's financial strategy
- reviewing and negotiating commercial leases
- developing and maintaining relationships with creditors
- planning corporate property and liability coverages
- directing health insurance and worker's compensation plans

Jim's Background. Jim is making an impressive start in the financial world, as he been out of college for only six years. After graduating with a bachelor's degree in accounting, he went to work as a customer service representative at a major bank, with the task of maintaining consumer satisfaction with the bank's payroll services. He was responsible for selling business services, processing payrolls, answering all payroll tax questions, and researching payroll histories. Jim left this firm to become the bookkeeper at a midsize manufacturing corporation. After just one year, he became the corporate controller, and then three years later he was a vice president and finance manager of the firm. Jim left this company because he wanted to be in on the ground floor of a start-up and earn equity in the firm. This opportunity was not available in his previous job with a family-owned company. In the future, Jim would like to become the chief financial officer of the travel firm. In order to get the skills needed for this job, he is currently working on earning his M.B.A. at night school.

Jobs for Financial Mavens at Large Corporations

As the size of a business increases, so does the complexity of the organization of its financial departments. In the largest publicly held firms, there are financial staff not only at headquarters, but also at divisions and subsidiaries. Within America's largest corporations, there are thousands of jobs that will let financial mavens spend their days immersed in money matters. Study the organization chart (see Figure 9.1) for a basic idea of how large single-purpose organizations with no divisions are organized. At the top of the chart is the chief financial officer (CFO), who oversees all the financial departments, helps top managers develop financial and economic policy, and oversees the implementation of these policies.

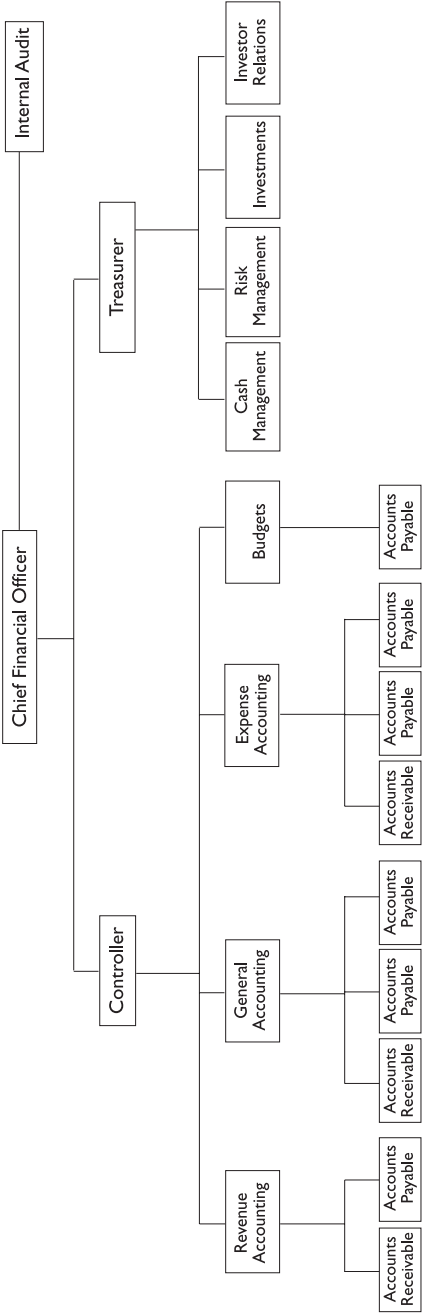


FIGURE 9.1. Basic Organization Chart of a Large Company with No Divisions or Subsidiaries

A CFO with Experience

Tom Calcaterra is a man of many talents. After graduating from college with a bachelor's degree in science and accounting, Tom joined a large public accounting firm as a staff accountant. During his twelve years with this company, he was promoted to senior manager. If Tom had stayed with the company, his next promotion would have been to partner. Upon leaving his first employer, Tom changed industries and went to work for a foreign-owned company, where he became the vice president of finance.

After eight years, Tom was ready for another career and industry change. One of the great things about possessing accounting and finance skills is that the knowledge is needed across the spectrum of industries. Tom next joined an employment search firm as chief financial officer and secretary. Today there are more than two thousand employees in the company and eight thousand more on contract. Tom manages a staff of twenty people.

There is no such thing as a typical day in Tom's world, but there are some tasks that he does on a daily basis. Tom spends a great deal of time each day talking on the phone with his field managers, with human resources personnel, and with his subordinates in finance. He generally receives and responds to numerous e-mail messages, as his company has more than eighty offices across the country, all of which have real estate, legal, computer system, and accounting issues that Tom coordinates and resolves.

On the Job. Tom is the financial "fix-it" man who has his hands on virtually every aspect of the business because every department in the company needs, uses, and raises money. He has helped open new credit facilities, set up the employees' pension and medical plans, calculated international taxes for overseas customers, and even opened a new location in Mexico.

When Tom first arrived at this employment search firm, he discovered that its accounting organization was in trouble. Accounts were not being paid on time, and employees were disgruntled over getting late paychecks. Tom went to work reorganizing the inter-

nal structure through process reengineering, and he implemented a management reporting system. He also designed new operating reports that linked all aspects of the corporation.

Virtually everyone in the company knows Tom personally because everything comes back to finance, payroll, and commissions. Tom and his staff are responsible for explaining the commissions processes and calculations to the sales forces. He also does considerable work in investor relations, receiving calls from analysts and shareholders. Whenever the stock is up, analysts call to ask what is going on. Tom is bound by laws that dictate what information he can and can't tell the analysts so that he isn't giving away inside information.

Career Advice. According to Tom, it takes a certain type of person to be successful at finance. You need to be an organized, hard-working individual who enjoys working with and managing people. You also need to possess project management skills. Tom recommends starting your career with a large finance/consulting company and then possibly moving to a smaller boutique firm. He feels it's important to match your personality with the company you work for.

Treasurers and Controllers

The organization chart (see Figure 9.1) shows that the treasurer and the controller report directly to the chief financial officer. They are highly trained and experienced senior financial managers. Treasurers are responsible for the receipt, disbursement, and safekeeping of corporate monies. They also review financial reports. Controllers oversee all the accounting departments and direct the preparation of all financial reports.

A Treasurer at a Fortune 500 Company

A treasurer at a Fortune 500 company typically works in a number of other positions to learn as much as possible about the

financial operation of the company. This is exactly what Mark Edwards did, starting as an assistant to the vice president of administration at a food company. In this job, he worked with heads of divisions (frozen foods, canned goods, bakery products) in the company to create and maintain the assets budget. He also coordinated production planning between the marketing and production departments. Mark was well qualified for these responsibilities, having majored in economics when he earned his M.B.A. Plus, he had spent many summers working in canneries, so he had some very practical knowledge of the food industry.

Within a few years, Mark moved entirely to the financial side of the organization and became assistant treasurer, reporting to the treasurer. This is typically a training position for future treasurers, provided they demonstrate that they have the skills needed to be treasurer.

Mark's first responsibility was handling daily cash management. He took on new responsibilities every year for the next few years, adding risk management and then investor relations, in which he created the annual report and quarterly reports as well as dealt with buy-side financial analysts. When the treasurer retired, Mark became the new treasurer.

The Job of Treasurer. As treasurer, Mark became responsible for all banking relationships. This involved borrowing and paying off more than \$100 million in short-term loans each year and working with more than thirty banks. This was his most important task as treasurer.

Advancing His Career. In business school, Mark set his sights on becoming CFO of a large corporation. He realized this goal a few years after becoming treasurer. As CFO of the company, he had the responsibility of raising capital for stock and bond markets, which involved many trips to New York City, around the country, and even abroad.

A Controller at a Large Manufacturer

Tod Jordan has always been an extremely civic-minded individual. Because of this mindset, he has contributed to the welfare of the community, brought positive recognition to the companies where he has worked, and has met and worked with community leaders. Tod had a very strong background in accounting when he became controller at a manufacturing company. He graduated from college in accounting, earned his CPA, worked at a very large public accounting firm, and served as controller of a smaller firm. The manufacturing company was so large that there were controllers in every division handling the basic accounting functions. It was Tod's job to see that his department combined and consolidated these statements.

His most important job was to set the policy for all division controllers to follow. In addition, Tod was responsible for all corporate-level accounting, cash accounting, tax accounting, corporate asset accounting, and budgeting. He set the rules for all budgeting and presented budgets to upper management. Within one year of assuming this position, Tod was elected vice president of the company.

.....

More Financial Managers: Who They Are, What They Do

Look again at the corporate organization chart (see Figure 9.1), and you will notice how many different departments report to the treasurer and controller. Each of these departments in large corporations has a manager who oversees other departments, with even more managers in charge of them.

The number of financial managers in large corporations is enormous; only a few of these jobs will be described here. Pursue your interest in what corporate financial mavens do by talking to people who work in these areas.

Corporate Cash Manager

Jigisha Desai is the cash manager for one of the largest construction companies in the United States. She is very well qualified for this position, with a B.A. in accounting and an M.B.A. in corporate finance. She is also a CCM, or Certified Cash Manager. To achieve this certification, she passed a test that required intensive study.

Her career in finance began when she accepted a position as an accounting clerk at a Houston newspaper. Jigisha then moved to Los Angeles, where she worked as an accounting supervisor in accounts receivable for a major newspaper. After two and a half years, she moved to Northern California and took a job with a high-technology company, then joined her present company.

Jigisha's Responsibilities. As a cash manager, Jigisha is responsible for her company's in and out money flow. She also creates cash flow projections for short-term cash, making sure that there is always enough money to pay the bills. If for some reason the company is short on money, she makes recommendations on how to obtain it. Jigisha is constantly monitoring the cash so that there is never any money just sitting there not earning interest. In addition, she always watches the market closely, making sure the company's investments are secure and seeking additional investment opportunities.

Whenever the company decides to do business in a new state, Jigisha is responsible for developing relationships and creating accounts with local banks. She conducts a cost-benefit analysis to determine which of the options a bank offers are most valuable to the company. When the company considers acquiring another company, Jigisha must determine how to pay for the acquisition and whether or not it is a sound investment.

A Typical Day. Jigisha's day starts at seven in the morning; it is earlier than most employees because she follows the New York Stock Exchange. After checking the market, she powers up her

computer and logs into the bank's computer, which requires a password and gives her real-time market action. She then makes sure that all investments are paid for, determines what will and won't clear that day, and electronically transfers money between the employees' 401(k) funds and their paychecks.

Pluses and Minuses. One of the things that Jigisha enjoys most about her job is getting to work with professional people. Every day brings new excitement and challenges in a dynamic industry where many corporations are merging. The only negative aspect of Jigisha's job is the many little problems. She is always receiving phone calls from people who can't cash their checks or who think they were paid incorrectly. It is also difficult to coordinate work and implement changes between the accounts receivable, accounts payable, and paycheck departments. In the future, Jigisha hopes to become the company's treasurer.

Director of Corporate Accounting

Mary Kelly works for a truly giant-sized telecommunications firm with more than sixty thousand employees and \$7 billion in revenue. She joined the company eighteen years ago after graduating from college with a bachelor's degree in mathematical economics and substantial course work with computers, which she took simply because she thought they were fun. Interestingly enough, it was the computer classes that helped her get her initial job.

Mary began working in a computer center where all the disbursement accounting programs were running. Three programs disbursed money: payroll, bills, and employee reimbursements.

Large Company Benefits. Mary discovered that she would have the opportunity to work in different jobs throughout the company, which would enable her to expand her business skills. Over the years, she found that, in many ways, changing positions was like changing companies because the work and work life varied greatly between the departments.

Another appealing benefit was the company's tuition aid program, which paid for any degrees she obtained while employed. She took advantage of this benefit and obtained her M.B.A. by attending night school.

New Jobs. After working in the computer center as a computer operator, Mary became an associate staff manager in a regional accounting office. Her next position was staff manager in the bill and voucher payment office. Mary then made a number of lateral departmental moves, including staff manager of computer operations, staff manager of the regional accounting office, and staff manager of external reporting. Next, she became the district manager of corporate accounting operations and then took the demanding position of statewide markets finance director. Her next move was to the corporate accounting department, where she became the director.

In her position as director of corporate accounting, Mary had responsibility for a department of more than 120 people. The department's major task was to close the monthly accounting books and provide financial results to the firm's holding company. The people in her department worked closely with the budget and tax departments and the holding company to ensure that the statements they issued were correct and complete. Mary was deeply involved in the monthly close process. As a result, she would have multiple pre-due date meetings with her team. By the time of the final meeting, her staff had identified all pending and potential issues for the month to review with the chief financial officer. During the close process, Mary worked with both her staff and the CFO whenever a new issue developed or an unknown event occurred. She says that they were constantly challenged to close the books faster, provide better service, and/or do the job for less money.

As director of this department, Mary also worked with the company's external auditors, who were auditing the books for compliance with GAAP (generally accepted accounting practices).

She reviewed any issues and concerns that they identified and informed the company and holding company's CFO of any findings. When conducting an audit, the expectation is that the auditors will find something amiss and some processes or controls that can be strengthened. What is highly undesirable is to have so many findings that the auditors decide to issue a qualified opinion regarding the books, meaning that there were far too many errors and procedural shortcomings. Mary is very pleased to say that the audits prior to her tenure had been clean, and they continued to be clean during her time in corporate accounting.

A New Challenge. While Mary was the director of corporate accounting, the CFO asked her to assess the feasibility of replacing the disbursement accounting computer programs with packaged software from a vendor. Some upgrading had been done, but no significant overhaul or upgrading had occurred since she started with the company. After a six-month assessment, Mary recommended the purchase of a software package and then formed a team to implement the new software. As this huge undertaking began, the complexity and scope of the project grew, and it began to take significant time away from her other job areas. In order to successfully handle this project, Mary moved to a new position as the director of financial systems with a team of more than 150 employees.

Career Advice. Mary suggests that future financial mavens obtain a CPA license. She believes that certification is important to a financial career because it reflects an expertise in finance. Licenses and certification are becoming more important in obtaining jobs with her company.

Financial Manager in a District Office

Pat McCartan is the financial manager in the Mexico district office for a large heavy-equipment manufacturing company. Since Pat is the only employee with a finance background in the office, he

handles almost all financial issues in working with the dealers in Mexico. He reviews each dealer's financial condition, meets with dealers to discuss their plans, and assists with strategic planning for the future. Based on these discussions, Pat and the others in the office assess whether or not each dealer is well positioned for the future. When there is a large transaction, he usually handles it through the financial services division of his company, but he may also work with large banks. When special terms are necessary to complete a deal, he works with the dealer to determine what is fair. Pat truly has to call on his financial expertise to handle this job. He also uses his strong communication skills as he speaks with dealers, bankers, coworkers, and customers every day.

Previously, Pat worked as a financial analyst responsible for the Caribbean–Central America district of his company. He worked with fourteen dealers and was responsible for handling their receivables with his company, assisting the dealers in finding financing for themselves and their customers, and monitoring the financial strength of these dealers.

Starting His Career. Pat started on the road to his present career while he was still in college. First, he worked as a credit analyst trainee at a bank and then as a collection specialist at another bank. Both jobs involved dealing with financial matters similar to the ones in his present job. Pat holds a bachelor's degree in finance and has taken continuing education classes through his company to build his negotiating skills for future jobs.

The Future. In the immediate future, Pat would like to become a finance representative in the field, which would involve traveling to dealers and working with them on a more personal basis. In the long run, he hopes to get into management in the organization.

Career Advice. Pat's advice to anyone thinking about a career in finance is to try to find internships that will give you solid work experience for your resume.

What It's Like on the Job

As a money mover on the financial side in business, your working conditions will vary from firm to firm and from office to office, depending on the type of company in which you are employed. If you are the financial manager at a small furniture store, you may share an office or even a cubicle with one or more people. If you are an entry-level financial manager at a larger corporation, you will, at a minimum, have your own cubicle. As you progress in your career, your work space will become larger, and you are likely to have your own office close to top managers and to departments that develop the financial data these managers need.

Financial managers typically work forty-hour weeks, but many work longer hours. In addition, attendance at meetings of financial and economic associations and similar activities is often required. In very large corporations, some travel to subsidiary firms, banks, and customers may be necessary.

A Look at the Qualifications Financial Managers Need

If you want to become a financial manager, you usually need a bachelor's degree in accounting, finance, or business administration with an emphasis in accounting or finance. Many companies prefer job candidates who have a master's of business administration (M.B.A.). While it is possible to find a job on the financial side with a high school diploma, you are limited initially to clerking jobs. Once you get experience, it is possible to get promoted. Nevertheless, promotions come much easier to individuals who have continued their education.

Due to the increasing complexity of worldwide trade, the constantly changing federal and state laws and regulations, and the onslaught of new and complex financial instruments, it has become vital for financial managers to continue their education.

Firms often provide opportunities for workers to increase their knowledge and skills through continuing education courses, seminars and conferences, and even graduate school programs. Because of the technological revolution, knowledge of computer applications, especially spreadsheets, is essential.

Certificate and License Programs

Financial managers who wish to broaden their skills and exhibit their competency in specialized fields can do so by obtaining a certificate. For example, the Association for Investment Management and Research confers the Chartered Financial Analyst (CFA) designation to investment professionals who have a bachelor's degree, pass three test levels, and have three or more years of experience in the field. The National Association of Credit Management administers a three-part certification program for business credit professionals that leads to becoming a Certified Credit Executive (CCE). Another important designation is CPA, which was discussed in Chapter 2.

A Look at Salaries for Financial Managers

Salary levels depend upon the manager's experience and the size and location of the organization; they are likely to be higher in larger organizations and cities. Many financial managers in upper management positions receive additional compensation in the form of bonuses, which vary with the size of the firm. Here is a look at the recent annual earnings for several financial manager positions, according to the Association for Financial Professionals. These figures include bonuses.

Vice president of finance	\$178,724
Treasurer	\$158,404
Controller	\$119,220
Assistant treasurer	\$105,885

Assistant controller	\$99,856
Manager	\$81,720
Cash manager	\$60,424

A Look at What the Future Holds

There are more than two million clerks working in bookkeeping and other financial record keeping positions in the United States. This number is not expected to grow much because computers are increasingly being used to manage account information, and individual clerks are now able to handle more accounts. Just the same, there will be ample opportunity for employment in this area due to high turnover as clerks transfer to other occupations. While these workers are employed in almost every industry, the largest number work for firms providing health, business, and other types of services. Nevertheless, it is becoming more common for these clerks to work for companies that specialize in performing specific accounting services, such as bill collection, medical billing, and payroll services as companies try to lower costs by outsourcing many of these functions.

Through the year 2010, employment opportunities for financial managers are expected to grow about as fast as the average for all other occupations. Even though mergers, acquisitions, and downsizing will continue to affect the employment of financial managers adversely, at the same time the growth of the economy will ensure job growth.

Financial mavens who have a graduate degree, a strong analytical background, and knowledge of various aspect of financial management, such as asset management and information and technology management, should enjoy the best opportunities for jobs in financial management. Strong computer skills and knowledge of international finance as well as good communication skills are becoming big job assets. Developing expertise in a rapidly growing industry, such as health care, could also be an advantage in the job market.

.....

More Career Information

For information on becoming a Certified Bookkeeper, contact:

The American Institute of Professional Bookkeepers
6001 Montrose Road, Suite 500
Rockville, MD 20852
www.aipb.org

For information about careers and certification in financial management careers, contact:

Financial Management Association International
College of Business Administration
University of South Florida
Tampa, FL 33620
www.fma.org

For information about careers in financial and treasury management and related certification programs, contact:

Association for Financial Professionals
7315 Wisconsin Avenue, Suite 600 West
Bethesda, MD 20814
www.afponline.org

For information about the Chartered Financial Analyst program, contact:

Chartered Financial Analyst Institute
P.O. Box 3668
560 Ray C. Hunt Drive
Charlottesville, VA 22903
www.aimr.org

Financial Jobs with the Government

Close to ten million people work for federal, state, and local governments. Just as businesses and banks have jobs that let people spend their workdays dealing with money, so do all governmental units, from the federal government in Washington, D.C., to those in the smallest towns. While you can find jobs associated with money that are similar to those in the private sector—such as accountants, auditors, controllers, bookkeepers, economists, budget analysts, and financial clerks—many government jobs that would appeal to money movers are quite unique. For example, you could be an engraver, bank examiner, secret service agent, tax assessor, or tax collector. In this chapter, we will describe the government departments that deal with money and some of the jobs in these departments. Although accountants and auditors can be found at every government agency at every level, we will not focus on them, as they were discussed in Chapter 2.

The Federal Government as Your Employer

The federal government is the largest single employer in the United States, employing about 1.3 percent of the workers in the nation, excluding the military. With such vast numbers of employees, numerous jobs open every day all across the country. While you might think that the majority of federal jobs are located in Washington, D.C., in reality, four out of five federal

employees work elsewhere throughout the country. And approximately 5 percent of federal employees are assigned overseas.

The variety of positions that you could hold while working for the federal government is virtually endless. Literally every government department has positions that involve managing, budgeting, or distributing money. Let's look at four departments where you would work specifically with money.

Jobs with the Federal Reserve System

If you were to work for the Federal Reserve System, you would be working for the central bank of the United States. You could have a say in the nation's financial policies, for one of the duties of the Federal Reserve is to decide these policies. Or you could be involved in the supervision and regulation of banking institutions to make sure they are safe and stable and protect consumers' credit rights. The Federal Reserve also maintains the stability of the financial system and plays a very important role in operating the nation's payments system.

Jobs with the Federal Trade Commission

The purpose of the Federal Trade Commission (FTC) is to ensure that our nation's markets function competitively and are vigorous, efficient, and free of unnecessary restrictions. The commission enforces a variety of antitrust and consumer protection laws. While the FTC primarily hires attorneys and economists to accomplish its consumer protection, antitrust, and competition missions, it also has a limited number of positions for other types of professional, administrative, and support positions.

Jobs with the Department of the Treasury

The Department of the Treasury has two major components: the departmental offices, which are responsible for creating government policy and managing the department, and the operating bureaus, which carry out the specific tasks assigned to the department. The basic functions of the Department of the Treasury

include managing federal finances; collecting taxes, duties, and monies paid to and due to the United States; and paying all bills of the United States. This department is so large that we will look at several of its divisions.

The Bureau of Alcohol, Tobacco, and Firearms (ATF). This bureau was established on July 1, 1972, under the Internal Revenue Service. It has law enforcement and compliance divisions for alcohol, explosives, and firearms. On the money side, it collects alcohol and tobacco excise taxes and ensures the collection of federal taxes on distilled spirits, beer, wine, and tobacco products, assisting state and local law enforcement agencies upon request. The principal occupations with the ATF are alcohol, tobacco, and firearms inspector and treasury enforcement agent (special agent).

Office of the Comptroller of the Currency (OCC). The OCC was established in 1863 as a way to regulate the National Banking System. As the administrator of nationally chartered banks, it is responsible for the execution of laws, rules, and regulations that govern the operations of national banks. Since the OCC employs more than twenty-three hundred bank examiners nationwide, it clearly offers financial mavens a variety of career opportunities.

The OCC is also responsible for approving and denying applications for new bank charters and branches as well as capital or other changes in the corporate or banking structure. It will take supervisory action against banks that do not obey the laws and against those with unsound banking practices. If you were employed by the OCC, you would probably have one of the following titles: bank examiner, financial economist, accountant, or computer specialist.

Internal Revenue Service (IRS). Everyone is familiar with the IRS, which is the government agency responsible for determining,

assessing, and collecting money from personal and corporate income taxes; excise, estate, and gift taxes; and employment taxes for the nation's Social Security system. The IRS was originally formed to pay for the Civil War. Although it was declared unconstitutional to tax for about twenty years, the IRS was reinstated in 1913. Today, it is the largest of the Treasury bureaus. While working for the IRS, you might have one of the following titles: tax specialist, revenue officer, revenue agent, tax auditor, taxpayer service specialist, Treasury enforcement agent (special agent), or attorney.

United States Mint. Within the Mint there are jobs that should really appeal to money movers, as it has the responsibility for creating all of the nation's coinage. The Mint has facilities in Philadelphia, Denver, San Francisco, and West Point, along with many other locations. Mint employees also maintain United States gold bullion reserves at the West Point Bullion Depository and the Fort Knox Bullion Depository.

In addition to manufacturing and maintaining our money, the Mint manages extensive commercial marketing programs. Its product line includes special coin sets for collectors, national medals, American eagle gold and silver bullion coins, and commemorative coins marking national events such as the bicentennial of the Constitution. If you worked in this area of the Mint, you would most likely be called a marketing specialist and be responsible for designing, producing, and marketing special coinage—literally devising ways to sell money to make more money.

Bureau of Engraving and Printing (BEP). This department is also closely involved with money, as it is responsible for printing our paper money, sometimes referred to as the greenback. Other responsibilities include designing and manufacturing many postage stamps, customs stamps, and revenue stamps; designing, engraving, and printing Treasury bills, notes, bonds, and other government securities; and designing, engraving, and printing

commissions, permits, and certificates of awards. While working for the BEP, you might have such job titles as computer specialist, engineer, chemist, plate printer, electrician, security specialist, contract specialist, machinist, or engraver. An employee of this department might be an accountant or even an engineer and still work with or create greenbacks.

Financial Management Service (FMS). This service is responsible for one of the oldest and most basic functions of the Department of the Treasury: it receives and disburses all public money, maintains government accounts, and prepares daily and monthly reports on the status of government finances. The FMS also works to improve multiple cash management systems throughout the government.

Additionally, the FMS receives all money collected through taxes and duties, manages the government's central accounting and financial systems, provides central payment services for most government programs, and settles claims for both lost and/or forged government checks.

The FMS invests Social Security and other trust funds. It provides banking services that manage the government's cash resources. The FMS even destroys unfit currency and helps to settle claims for burned and mutilated currency. You could work for the FMS as an accountant, management analyst, program analyst, or financial management specialist, to name just a few jobs.

Bureau of the Public Debt (BPD). Money movers may wish to investigate this bureau, which borrows the money needed to operate the federal government. The BPD issues and services United States Treasury bonds, savings, and special securities. It also services registered accounts and makes calculations to pay the appropriate interest when it's due.

Another branch of the Treasury working with bonds and securities is the United States Savings Bonds Division, which promotes the sale and retention of United States savings bonds. If you

worked for either of these departments, you could have the job title of accountant or computer specialist.

United States Secret Service. Believe it or not, you could even have a career in finance while working for the Secret Service. This service was originally created to stop the counterfeiting of paper currency during the Civil War. Although the Secret Service is best known for its role in protecting the president, it also enforces the laws that protect our currency. It guards the integrity of our currency and investigates crimes that involve United States securities, coinage, credit and debt card fraud, and electronic funds transfer fraud. While working for the Secret Service, you might be called a treasury enforcement agent (special agent) or a uniformed division officer.

Office of Thrift Supervision (OTS). This office is in charge of regulating all federal- and state-chartered savings institutions that belong to the Savings Association Insurance Fund (SAIF). While the OTS is headquartered in Washington, D.C., it maintains a staff that works out of local offices in five different regions.

A Look at How the Government Advances and Pays Employees

When financial mavens think about working for—and getting paid by—the federal government, they need to understand that they will probably be paid under the General Schedule (GS), which is composed of fifteen grades numbered GS-1 through GS-15. Each grade has a salary range of ten steps that is defined by the level of responsibility, type of work, and the various qualifications required for each position.

Employees typically enter the federal civil service at the starting grade for an occupation and begin a career ladder of promotions until they reach the full-performance grade for that occupation.

This system provides for a limited number of noncompetitive promotions that usually are awarded at regular intervals, not more than once a year, assuming job performance is satisfactory. On the other hand, workers who advance to managerial or supervisory positions may receive within-grade longevity increases, bonuses, and promotions to higher grades.

The exact pay grades associated with a job's career track depends upon the occupation. Workers who haven't earned a high school diploma who are hired as clerks start at grade 1; high school graduates with no additional training begin at grade 2 or 3. Entrants with some technical training or experience may start at grade 4. Those with a bachelor's degree generally are hired in professional occupations with a career ladder that starts at grade 5 or 7. A master's or doctorate degree holder might start at grade 9. New employees usually start at the first step of a grade unless a position is difficult to fill.

Table 10.1 shows the GS pay rates for 2004. This schedule is usually amended every January to reflect changes in the cost of living. Workers in areas with high costs of living may be paid as much as an additional 17 percent. Also, some hard-to-fill occupations are paid more as an incentive. Plus, it is possible to receive one-time awards ranging from \$25 to \$10,000 for a significant suggestion, a special act or service, or sustained high job performance. There is also premium pay when an employee must work overtime, on holidays, on Sunday, at night, or under hazardous conditions.

In addition to the General Schedule, the federal government has what is called the Senior Executive Schedule (SES) for its top managers. These are the highest positions that federal workers can reach without being specifically nominated by the president and confirmed by the Senate. Very few government workers get SES positions, and the competition for them is extremely intense.

An important part of government compensation is the system of benefits. Employees can choose from a number of health plans

TABLE 10.1. Federal Government General Schedule Pay Rates, 2004

GS LEVEL	ENTRANCE LEVEL	STEP INCREASE	MAXIMUM LEVEL
1	\$15,442	varies	\$19,314
2	\$17,363	varies	\$21,847
3	\$18,944	\$631	\$24,623
4	\$21,266	\$709	\$27,647
5	\$23,794	\$793	\$30,931
6	\$26,522	\$884	\$34,478
7	\$29,473	\$982	\$38,311
8	\$32,640	\$1,088	\$42,432
9	\$36,052	\$1,202	\$46,870
10	\$39,702	\$1,323	\$51,609
11	\$43,621	\$1,454	\$56,707
12	\$52,281	\$1,743	\$67,968
13	\$62,170	\$2,072	\$80,818
14	\$73,467	\$2,449	\$95,508
15	\$86,417	\$2,881	\$112,346

Source: Office of Personnel Management

and life insurance options. There is also a three-tiered retirement plan that includes Social Security, a pension plan, and an optional Thrift Savings Plan. In some areas, employees using public transportation also receive transportation subsidies.

..... **Employment Outlook for Federal Government Jobs**

It is important to note that while government salaries are generally more for low-level positions and less for upper levels of management than their equivalent positions in the private sector,

exceptional benefits and job security provide strong incentives to work for the government. While there appear to be many positions opening each year, the federal government employment level is expected to decline by as much as 8 percent through the year 2010. This is happening because of budget restraints, the growing use of contractors, and the turning over of many jobs to state and local governments. Nevertheless, new employees will be needed to replace workers who retire or leave the workforce. The greatest demand for employees will be in professional, managerial, and protective services occupations.

.....

How to Find a Job with the Federal Government

Because the United States government employs so many workers, it is not surprising that there are thousands of jobs available all the time all across the country and abroad—even when the number of employees is expected to drop. The following is a list of books that you will find useful in obtaining your dream job:

- Damp, Dennis V., and Samuel Concialdi. *The Book of U.S. Government Jobs: Where They Are, What's Available, and How to Get Them*. La Crosse, WI: Brookhaven Press, 2002.
- Morgan, Dana, and Robert Goldenkoff. *Federal Jobs: The Ultimate Guide*. New York: Arco Publishing, 2002.
- Troutman, Kathryn Kraemer, et al. *Ten Steps to a Federal Job: Navigating the Federal Job System, Writing Federal Resumes, KSAs, and Cover Letters with a Mission*. Baltimore: Resume Place, Inc., 2002.

Another way to discover employment opportunities is to buy, subscribe to, or find a local library copy of such publications as the *Federal Jobs Digest* or *Federal Career Opportunities*. The digest is a biweekly newspaper that tracks federal job vacancies and contains

articles about job fairs, including those on college campuses. The opportunities publication focuses on job vacancies in all professional and technical levels.

For today's computer-literate job seekers, information about obtaining a job with the federal government can easily be found online at www.usajobs.opm.gov. This website is described by the government as a one-stop source for learning about what jobs are available and applying for them. It also details how to create an appropriate resume and provides resources that let you match your skills and interests to specific jobs.

Many government agencies have direct-hire authority and will fill positions rapidly without ever listing their openings with the OPM. In order to find those positions, you will need to keep in contact with the agencies in which you are interested. It is often a good idea to write or call the department heads or supervisors and speak with them directly.

Financial Jobs with State and Local Governments

State and local governments are organized very similarly to the federal government. The state has a governor (the equivalent of the president) and multiple departments designed to manage different aspects of state business, including money.

Department of Finance

All states have a Department of Finance. It may be found in different segments of the government or called a different name, but it is always there and a good place for money movers to look for jobs. Most financial departments are responsible for enforcing the state's laws relating to state-licensed banks, state-licensed savings and loan associations, state-licensed offices of foreign banks, trust companies, issuers of travelers checks and payment instruments (money orders), transmitters of money abroad,

state-licensed credit unions, and state-licensed industrial loan companies.

Bureau of State Audits

This bureau serves to ensure the effective and efficient administration and management of public funds and programs. It provides independent, nonpartisan, accurate, and timely assessments of the state government's financial and operational activities.

Department of Economic and Community Development

This state agency is responsible for promoting economic growth and community development. Some employees help to create long-term economic plans and develop strategies and programs to attract and retain businesses and jobs. Others ensure that state tax dollars are used efficiently by measuring performance, calculating quantitative measurements, or tracking results.

A Brief Look at State and Local Government Salaries

How much you earn working for a state government depends greatly on the state. The same is true for positions with both counties and cities. Generally, the larger the government unit, the larger the salary. Financial mavens will earn more in New York and California than in Alabama and Arkansas. In the same way, jobs dealing with money will pay far better in San Francisco than in the much smaller town of Rhinelander, Wisconsin.

Finding a State or Local Job

You have a far better opportunity to obtain a job with a state or local government than the federal government because they employ almost six times more workers. Plus, local government

jobs account for two out of three state and local jobs. When searching for a job on the financial side in state, county, or city governments, be sure to check departments that have names similar to the following: Budget Department, Department of Administration, Division of Administrative Services, Division of Finance, Division of General Services, and Office of the Commissioner. Most state government jobs are found in the state capital or large metropolitan areas. Expressing a willingness to relocate to other areas may improve your chances for obtaining a job. The larger the county or city, the more jobs there will be for money movers.

Finding employment with the government at the state, county, and even city levels can be challenging, but it is generally easier than at the federal level. For employment listings, you can contact your state's equivalent of the Department of Employment Relations Information, an organization that lists current employment opportunities. You can also conduct an online search of your state government's website. Plus, most counties and cities will also have websites with job information. Finally, in state and county capitols and city government offices, you will be able to pick up employment listings and view job openings on bulletin boards.

An Overview of Government Job Opportunities

It is important for financial mavens and other money movers to remember that the federal government and your local and state governments offer a vast number of careers with considerable job security. They also offer opportunities to steadily climb a career ladder to more responsible and higher-paying positions. As we move further into the twenty-first century, the number of jobs working with the federal government is actually declining, and those at the state and local level are growing more slowly than the projection for all sectors of the economy. Most new government

jobs at all levels will be in professional and service occupations. While working for your city, county, state, or even the federal government may not always pay as much as the private sector, you will typically enjoy a higher level of job security and benefits. And do remember, when you take a government job, you are contributing to the smooth running of our country.

This page intentionally left blank.

More Jobs Dealing with Money

Whenever a product or a service is purchased, there is a job for a financial maven or money mover behind it. Associated with buying food in the grocery store are jobs for cashiers, bookkeepers, accountants, tax preparers, auditors, financial managers, and local, state, and federal workers handling a great variety of taxes. It is the same story with every purchase of clothing, cars, televisions, and cell phones. The career choices are endless for financial mavens. In this book, we have described many careers that may have appealed to you, but here are a few more choices.

Cashiers Handle Money

Remember how much fun you had handling money as a child when you played games like Monopoly and Pay Day? As a cashier, you could spend your workdays handling money in a supermarket, department store, gasoline service station, movie theater, restaurant, or any other place where people purchase or pay for goods or services. Cashiers used to ring up sales using a cash register, manually entering the price of each item the consumer was buying. This task is now being handled by scanners and computers in most establishments; however, cashiers are still handling money as they make change. They also are dealing with money in the form of credit cards, debit cards, and checks. Although specific

job duties vary by employer, cashiers are usually assigned to a register and given a drawer containing a bank of money at the beginning of each shift. They must count the “bank” to ensure that it contains the correct amount and that there is an adequate supply of change. At the end of the shift, they once again count the drawer’s contents and compare the totals with sales data. Depending on the place they work, cashiers often have other duties. For example, in supermarkets they weigh produce and other bulk foods, in convenience stores they handle money orders, and in many stores they handle returns and exchanges.

Jobs as cashiers are typically entry-level positions requiring little or no previous work experience and no specific educational background. They offer an opportunity to work with money and can serve as stepping-stones to advancement to head cashier, cash-office clerk, or other positions in a company. There is almost always an opportunity to get a job as a cashier, as the occupation is huge and has a high turnover.

Training

Nearly all cashiers are trained on the job. In small firms, the training is typically handled by an experienced worker. The first day is usually spent observing the operation and becoming familiar with all procedures and policies. After this, the trainee is assigned to a register under the supervision of a more experienced employee. In larger firms, cashiers may spend several days in classes before being assigned to a register.

Earnings

Cashiers’ earnings vary from minimum wage to several times that amount, especially in areas where there is intense competition for workers.

A Cashier at a Video Store

Ann Marie Gisler works as a cashier in a large video store. She advises future cashiers to take a computer class because most cash

registers are now computerized. In stores with scanners, the cashier passes the product's bar code over the scanning device, which transmits the code number to a computer. The computer identifies the item and its price. In other establishments, like the one where Ann is employed, cashiers manually enter the code into a computer, and a description of the item and its price appear on the screen. Ann also cautions prospective cashiers to brush up on their math as it isn't wise to rely totally on the computer. Besides working as a cashier, Ann logs returned videos into the computer and does some shelving.

A Lawyer Who Is an Estate Planner

Lawyers can have careers that focus on both the law and working with money. In this category are tax lawyers and those who specialize in estate planning. James W. Smyth is an attorney who helps his clients plan their estates. His job is to analyze the tax consequences and personal consequences involved in leaving money and other possessions to those who will inherit an estate. Because the laws are complex, he must explain them carefully to his clients. He firmly believes that each client is the expert on his or her family and the issues important to resolving how the estate will be left. He explains the pros and cons of different estate plans and lets his clients decide which is most suitable for them.

James works a sixty- to eighty-hour week. Much of his time is involved with keeping on top of the laws and all the complex technical areas associated with estate planning. He points out that a good estate planner needs more than a law degree because that only takes care of the legal side. On the financial side, he frequently works hand in hand with an accountant. In this profession, James says that it is extremely important to be ethical and not receive any financial reward tied to the clients' estate planning decisions.

James likes his profession because it gives him an opportunity to help families. He is grateful that new technology has made it

possible for middle-class families to have customized estate plans—not just the wealthy. He dislikes the fact that it is difficult to balance his long hours and family life. In order to succeed as an estate planner, James believes that lawyers need to be very creative and have a technical mind-set.

An Independent Tax Consultant

Independent tax consultant Diane Ingram gives advice to people so that they can file the best possible tax return based on their income. When it is time to file taxes, she prepares a variety of tax forms for clients, using the information they have provided. What Diane likes most about her career is that working as an independent tax consultant gives her the time and freedom to work at her own pace. She is almost always able to work without feeling pressed for time. It also gives her the opportunity to give each individual client sufficient attention to produce the best possible return. However, what Diane dislikes most about her job is clients who are not prepared to provide her with the information that is essential to making a fair and accurate determination of what tax approach would benefit them. Sometimes she has to meet with clients five or six times before they are able to provide her with the necessary information to start on their taxes. Then it becomes a problem to complete them within a reasonable period of time.

Some of the responsibilities of Diane's job include being a good record keeper and keeping up-to-date on the tax code. Fortunately, technology has made these tasks easier, as she can use the computer to create returns and to receive updated material on the tax code from government units and other sources.

Earnings

Diane's earning potential is unlimited. Because she works for herself, she sets her own prices and chooses the number of clients with whom she will work.

Career Advice

According to Diane, future tax consultants need to become avid readers to keep up with all the new information that is constantly being put out on taxes. It's the only way they'll truly be able to prepare good returns for their clients.

Auctioneers Sell to the Highest Bidder

If you can speak clearly in front of large audiences and have a high level of self-confidence, then you might want to be an auctioneer. An auction is a sales event during which people make bids for specific items; for example, at a fine arts auction, people might bid for antiques, jewelry, and other collectibles. The auctioneer is the individual responsible for calling out the starting and ensuing prices of the item being sold.

To prepare for an auction, an auctioneer must be aware of what is being sold. He or she must study the auction's catalog and learn which items are the most important. Preparation also includes talking with department people about the items to be auctioned.

Auctioneering is not a skill or trade learned in school; rather, it is learned by watching other auctioneers and then developing one's own style. A very important characteristic for auctioneers is to have confidence in themselves. One way to gain that confidence is to have learned a great deal regarding the items you will be auctioning; for example, if you were auctioning fine arts, it would help to have a degree in fine arts or art history, to have worked in an art museum, or to have been a collector yourself.

Ticket Sellers Are Money Handlers

If you worked as a ticket seller, you would be responsible for selling tickets to customers for events, shows, movies, lotteries, and even more. You would typically operate ticket-dispensing machines and answer customers' questions. You might work for a

large ticket-selling company such as Ticketmaster, where you can book tickets on the computer while speaking with customers on the phone. You might also work at the counter of a movie theater or sporting arena, where you would have face-to-face contact with your customers while you sell them the tickets they desire. Like cashiers, nearly one-half of all ticket sellers earn minimum wage and work part-time. Virtually all this work is done indoors at desks with phones or in booths or behind counters. It is often fast-paced work with lines of customers waiting for your help.

.....

Desk Clerks Prepare Bills

Your desire to work with money could lead you to become a clerk at a hotel or motel. These desk clerks perform a wide variety of services for their guests. As a desk clerk, you will register arriving guests and assign them rooms and check guests out at the end of their stay. It is frequently necessary to prepare and explain the bill of charges as well as process payments. You will always be in the public eye, and through your attitude and behavior, you will greatly influence the public's impression of the establishment. If guests report problems with their rooms, you must contact members of the housekeeping or maintenance staff to correct them.

In some smaller hotels and motels, you may even perform the work of a bookkeeper, advance reservation agent, cashier, laundry attendant, and telephone switchboard operator. While there are schools dedicated to training people for the hotel industry, they are primarily for management. However, there is always the possibility of advancing from desk clerk to a management position. As a clerk you will earn minimum wage or higher and will need to possess a high school diploma.

.....

Detectives Investigate Finances

Have you ever considered being a private detective or investigator? A detective performs a vast array of services, assisting attorneys,

businesses, and the public with a variety of problems, including protecting businesses and their employees, customers, and guests from theft, vandalism, and disorder, as well as gathering evidence for trials, tracing debtors, or conducting background investigations. You could specialize in the finance field, where you might use your accounting skills to investigate the financial standing of a company or locate funds stolen by an embezzler. Or you could search for assets after fraud or theft in order to recover damages awarded by a court. A background in accounting as well as law enforcement is helpful for future financial investigators. Your income will depend upon your level of expertise. It can be substantial if you share in the moneys you have recovered.

.....

Property Managers Are Financial Managers

Today many businesses and investors own real estate that produces income if it is managed correctly. For this reason, property managers perform the important function of increasing and maintaining the value of real estate investments for investors.

If you were to become a property manager, you would oversee the performance of income-producing commercial and residential properties. You might even manage the communal property and services of condominium and community associations. You would handle the financial operations of the property, which involves seeing that mortgages, taxes, insurance premiums, payroll, and maintenance bills are paid on time.

In addition, you would supervise the preparation of financial statements and periodically report to the owners on the status of the property, occupancy rates, dates of lease expirations, and other matters. To become a property manager for a business, it is almost essential that you have either a degree in finance or at least substantial course work in accounting. While it is possible to obtain a position as a manager with only a high school diploma, it is becoming increasingly rare.

Financial Writers Know About Money

In newspapers, books, and magazines there are always articles discussing financial issues and how individuals should handle their money. If you were a financial writer, you would conduct extensive research for your books and articles. You might write a weekly column for your paper or even a book that discusses the latest stock market action or suggests useful and lucrative ways for individuals to invest their money. Many financial writers are also needed to prepare technical material for mutual funds, brokerage houses, and banks. And each and every one of these articles deals with money in some way.

To become a financial writer, you will need to have a degree in journalism or a related field such as creative writing or literature. It would be best to have a degree in finance as well; however, substantial course work in this area should suffice.

Still More Careers

The more you notice where money is being handled and financial activities are taking place, the longer your list of potential careers will be. The following list provides a few more careers for financial mavens to investigate.

- tollgate collectors
- teachers of business and accounting classes
- clerks in stores
- claims adjusters
- credit-bureau workers
- purchasing agents
- compensation managers
- economists
- estimators
- financial aid directors at colleges

- insurance agents
- check-cashing firm employees
- rental clerks
- welfare eligibility workers
- television and radio financial commentators
- bill collectors

Overview of Job Opportunities

The future will always be bright for financial mavens seeking jobs that allow them to be paid for working in some way with money. Even when the economy is not robust, there will be jobs because money handling is essential in today's world. Accountants will always be required to keep financial records, and individuals will be involved in the buying and selling of securities and the management of small and large financial portfolios. Banks will require employees in myriad capacities to handle money and so will businesses, the government, and just about every organization. Some jobs, especially those in investment banking firms, venture capital firms, and upper-management levels of major corporations and banks, will always be extremely competitive. However, as long as "money makes the world go round," financial mavens and other money movers can look forward to having a great number of satisfying career choices.

This page intentionally left blank.

About the Authors

Marjorie Eberts and Margaret Gisler have been writing together professionally for twenty-four years. They are prolific freelance authors with more than seventy books in print. Besides writing more than twenty career books, the two authors have written textbooks, beginning readers, and study skills books for schoolchildren. They also write “Dear Teacher,” a syndicated education column that appears in newspapers throughout the country. This is the second career book that Mary McGowan has written and the fourth for Maria Olson.

Writing this book was a special pleasure for all the authors because it gave them the opportunity to talk to so many financial mavens who are handling money in this country. It was refreshing to see how much all of these people contribute on a daily basis to the success of our economy.

Marjorie Eberts and Mary McGowan hold bachelor’s and master’s degrees from Stanford University. Eberts also has an Ed.S. degree from Butler University. Margaret Gisler received her bachelor’s degree from Ball State and her master’s and Ed.S. degrees from Butler University. Maria Olson received her bachelor’s degree in business from Indiana University.